LOK SABHA DEBATES

(Part I—Questions and Answers)

VOLUME II, 1956

16th March to 16th April 1956

सत्यमेव जयते

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TWELFTH SESSION, 1956

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LOK SABHA SECRETARIAT
NEW DELHI

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GIPN—S4—83 Lok Sabha—13-3-57—840

LOK SABHA

Tuesday, 20th March, 1956

The Lok Sabha met at Half Past Ten of the Clock

[MR. SPEAKER *in the Chair*]

ORAL ANSWERS TO QUESTIONS

COPPER ORE DEPOSITS

***800. Shri Shree Narayan Das:** Will the Minister of **Natural Resources and Scientific Research** be pleased to state:

(a) whether it is a fact that extensive deposits of copper ore have been found in Umrer tehsil of Nagpur district;

(b) if so, their nature and extent;

(c) whether investigations have been completed or are in progress; and

(d) the results of investigations?

The Minister of Natural Resources (Shri K. D. Malaviya): (a) to (d). A statement giving the information available is laid on the Table of the House. [*See* Appendix V, annexure No. 16.]

Shri Shree Narayan Das: May I know the time by which further investigations by the Geological Survey of India are going to be made?

Shri K. D. Malaviya: The programme of detailed investigations of copper ore will be taken up in the Second Five Year Plan. During each winter season the programme is allotted to the parties and they begin workig on this programme in the winter season.

Shri B. D. Pande: May I enquire if lead and copper have been found in the Himalayas, especially in my district of Almora?

Shri K. D. Malaviya: Certain preliminary investigations were made in the district of Almora and in this copper has been indicated.

Shri B. D. Pande: What we on this side of the House are mostly interested in is this. Will these minerals be utilised in the near future? That is what the people want to know.

Shri K. D. Malaviya: I will refer my hon. friend to his State Government for making this enquiry. I am sure they could give him some satisfactory reply.

Mr. Speaker: May I suggest to the hon. Member that he need not start with a preamble and end with a conclusion? All that he is entitled to is to elicit an answer to a specific question. It is expected that every question that is put will be in public interest.

STATE INDUSTRIAL UNDERTAKINGS

***801. Shri Radha Raman:** Will the Minister of **Finance** be pleased to state.

(a) whether it is a fact that for mobilising the potential savings Government propose to ask the public to subscribe towards the various State Industrial Undertakings; and

(b) if so, upto what percentage the public will be asked to subscribe in this manner?

The Deputy Minister of Finance (Shri B. R. Bhagat): (a) The Estimates Committee of Parliament in their Sixteenth Report on the organization and administration of nationalized industrial undertakings has recommended that in Government undertakings

that have been set up on the lines of Joint Stock Companies, at least 25% of total capital investment must be available for the public. This recommendation is under consideration.

(b) Does not at present arise.

Mr. Radha Raman: May I know what specific industries are included in the Estimates Committee's proposal? In other words, may I know what specific industries Government propose to undertake in the present programme?

Shri B. R. Bhagat: I stated that this relates to all State undertakings which have been organised on the of joint stock companies.

Shri Radha Raman: May I know what is the total investment to be made on these undertakings and what would be the share of the Centre as well as the States?

Shri B. R. Bhagat: The question whether it should be open to the public is itself under active examination. The details and the amounts as to what will be open for the public and what will be for the Governments.—State Governments and Central Government, can only come when this question is decided.

श्री एम० एल० द्विवेदी : क्या यह सच है कि इंडियन टेलीफोन इंडस्ट्रीज और बैंगलोर की हिन्दुस्तान एयरक्राफ्ट इडस्ट्री में मैसूर गवर्नमेंट के जो शेयर हैं उनको वह वापस लना चाहती है और दूसरे शेयरों पर भी कोई डिविडेंड नहीं मिला है ? यदि हां, तो जबकि आपकी राज्य सरकारें ही शेयरों को वापस लेना चाहतीं हैं तो इस बात का पब्लिक को क्या भरोसा है कि अगर वह इन्वेस्ट करेगी तो उसको उससे लाभ होगा ?

श्री बी० आर० भगत: जो दिक्कत माननीय सदस्य ने बतलाई है वह हमारे सामने है हमें मालूम है कि कई व्यवसायों में कोई मुनाफा अभी तक नहीं हो रहा है कैसे जनता उनमें रुपया लगा सकती है ? यह प्रश्न हमारे सामने है और इस पर हम गौर कर रहे हैं ।

Shri Shree Narayan Das: May I know the stage of consideration or the nature of it whether it is active or ordinary ?

Shri B. R. Bhagat: It is under very active consideration.

बर्मे (ड्रिलिंग रिग)

*८०२. **श्री भागवत झा आज़ाद** : क्या **प्राकृतिक संसाधन और वैज्ञानिक गवेषणा** मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि तेल की खोज के लिये भारत रूस से बर्मे (ड्रिलिंग रिग) खरीदेगा;

(ख) यदि हां तो कितने बर्मे खरीदे जायेंगे; और

(ग) उनका मूल्य क्या होगा ?

प्राकृतिक संसाधन मंत्री (श्री के० डी० मालवीय) (क) से (ग) . जी हां, संपूर्ण प्रश्न सरकार के विचाराधीन हैं ।

Shri Bhagwat Jha Azad: May I know whether any contract is proposed to be signed between the Government of the U.S.S.R. and the Government of India in this regard?

Shri K. D. Malaviya: Yes, Sir. As soon as the details of the quotations which have been receivxed are examined and accepted, a contract may be signed.

Shri Bhagwat Jha Azad: May I know whether the hon. Minister in his tour of U.S.S.R. could find that the inordinate delays in the supply of materials from foreign countries are not also occurring in this case?

Shri K. D. Malaviya: We are trying our level best to bypass those difficulties and get them solved by the various Ministries, but I admit that there are difficulties which have not yet been surmounted.

Shri Bhagwat Jha Azad: Did the hon. Minister find in his tour that in the case of these materials, as compared to other countries it will be cheaper to get them from U.S.S.R.?

Shri K. D. Malaviya: It is difficult to assess the cost of these equipment quality-wise because one set of quality of these equipment in a country may not be available in the other country. But on the whole it seems that we will be able to make a good bargain from the U.S.S.R.

Shri P. C. Bose : May I know if rigs proposed to be purchased from the U.S.S.R. are of the diamond drill type?

Shri K. D. Malaviya: No, Sir.

Shri G. P. Sinha: May I know whether these equipments are to be utilised for State enterprises and which are the other countries with which we are negotiating in this regard?

Shri K. D. Malaviya: All these drills and other equipment are meant to be utilised by the Natural Gas Division of the Ministry of Natural Resources and Scientific Research, and we hope that we shall get these instruments not only from the U.S.S.R. but also from any other country from which we can get attractive terms.

श्री आर० एस० तिवारी : क्या मंत्री महोदय यह बतलाने की कृपा करेंगे कि जो बर्मे रूस से आयेंगे उसके लिए जिन चालको की आवश्यकता होगी वे भी रूस से ही बुलाये जायेंगे ।

श्री के० डी० मालवीय : शुरू शुरू में चालकों का भी वहीं से प्रबन्ध किया गया है । यहां वे ८-१० महीने रहेंगे और इनको चलाकर हमारे लोगों को बतायेंगे कि कैसे संतोषजनक रीती से इनको चलाया जा सकता है ।

Shri B. D. Pande: In the Delhi exhibition we saw one very big drilling equipment belonging to Rumania. Has it been purchased by the Government or any other company or has it left this country?

Shri K. D. Malaviya: It has been purchased by the Government of India for its own purpose.

Shri Bhagwat Jha Azad: May I know whether the instrument is of Rumanian pattern or Baku pattern?

Shri K. D. Malaviya: I am afraid I cannot say anything about it.

NAVY DAY

***803. Shri Krishnacharya Joshi:** Will the Minister of **Defence** be pleased to state:

(a) whether it is a fact that Navy Day was celebrated in December, 1955 at ports and Naval shore establishments; and

(b) if so, its main object?

The Deputy Minister of Defence (Sardar Majithia): (a) Yes.

(b) The main object was to publicise the role of the Indian Navy in the general scheme of the country's defence.

Shri Krishnacharya Joshi: May I know how much expenditure was incurred in all?

Sardar Majithia: It is roughly about Rs. 20,000. I would like also to add here that no expenditure from Government funds was involved on this account.

Shri Krishnacharya Joshi: May I know in how many places Navy Day was observed?

Sardar Majithia: It was observed in most of the recruiting centres, Defence Engineering Establishments, the Naval Training School, Electrical and Radio Schools, Boys Training Establishments, etc.

Shri S. N. Das: May I know the important features of this celebration?

Sardar Majithia: Normally only parades, route marches, meetings, reception at the various recruiting centres, opening of ships and establishments for the public so that they can go and have a look at them. These are the main features.

Shri S. C. Samanta: The hon. Minister said that Government had spent nothing on this account. May I know the source from which this sum was collected?

Sardar Majithia: Brochures were printed and the advertisements which were put in there brought in about

Rs. 15,000. The total expenditure, as I already said, was about Rs. 20,000. The balance will naturally be met by the sale of these brochures, which were sold at eight annas per brochure, and also by donations.

उत्तुंग गवेषणा संस्था

*८०४. **श्री भक्त दर्शन** : क्या **प्राकृतिक संसाधन और वैज्ञानिक गवेषणा** मंत्री ४ अगस्त, १९५५ को दिये गये तारांकित प्रश्न संख्या ४३४ के उत्तर के सम्बन्ध में यह बताने की कृपा करेंगे कि :

(क) क्या उत्तुंग गवेषणा संस्था की स्थापना करने के प्रश्न के बारे में कोई निर्णय हो गया है; और

(ख) यदि हां, तो वह कहां स्थापित की जा रही है ?

प्राकृतिक संसाधन मंत्री (श्री के० डी० मालवीय) : (क) तथा (ख) . यह विषय विचाराधीन है ।

अध्यक्ष महोदय आपकी आज्ञा से मैं इसमें यह जोड़ देना चाहता हूं कि इस सम्बन्ध में कुछ कारवाई हो भी चुकी है ।

श्री भक्त दर्शन : क्या माननीय मंत्री जी यह बतलाने की कृपा करेंगे कि अब तक इस सम्बन्ध में कौन कौन से स्थानों की जांच की गई है और किस स्टेज पर यह मामला है ?

श्री के० डी० मालवीय : यह प्रश्न जैसा कि माननीय सदस्य को मालूम है कई सालों से विचाराधीन है और इस सम्बन्ध में कुछ कारवाई आखिरी तौर पर हुई भी है और वह यह है कि काश्मीर में और लद्दाख में हमारे कुछ वैज्ञानिकों जैसे डा० भाबा डा० रामनाथन इत्यादि गये थे । और यह निश्चय किया गया है कि कास्मिक रे के अनुसन्धान के लिए वहां पर एक केन्द्र खोल दिया जाए । उस केन्द्र को खोलने के लिए जिस सामान की जरूरि होगी उसके बारे में जांच पड़ताल हो रही है और आशा की जाती है कि जल्दी ही कोई अन्तिम फैसला हो जएगा और गुलमर्ग खिलिनमर्ग में वह केन्द्र खोल दिया जायेगा । साथ ही जो माउंटेनीयरिंग स्कूल दार्जिलिंग में खोला गया है उसके साथ भी प्रबन्ध हो गया है कि वहां पर हिम विज्ञान (glaciology) और हिमारोहण के सम्बन्ध में जो कलायें हैं वह उन लोगों को सिखाई जायें जो पहाडों पर चढ़ कर चोटियों की खोज पड़ताल करते हैं । कई स्थान दक्षिण में भी हैं जो एटामिक इनरजी कमीशन के अन्तर्गत चुने गये हैं जहां कासमिक रे के सम्बन्ध में जांच पड़ताल होती है । इसके अलावा कुछ वैज्ञानिकों न यह भी सलाह दी है कि अलमोड़ा और गढ़वाल में कोई जगह तजवीज की जाये जहां पर वनस्पति और जीवजंतु के संग्रहालय का काम किया जाये और उस सम्बन्ध में अन्वेषण किया जाये । इस सम्बन्ध में भी विचार हो रहा है कि अलमोड़ा या मसूरी में कोई उपयुक्त जगह मिल सकती है या नहीं ।

State Bank of India

***805. Pandit D. N. Tiwari :** Will the Minister of **Finance** be pleased to state the number of new branches of the State Bank of India opened since the 17th October, 1955?

The Minister of Revenue and Defence Expenditure (Shri A. C. Guha): After the 17th October, 1955, three new branches have been opened and one pay office has been upgraded to a full-fledged branch.

I may add that one more branch had just been opened on the 17th October. That is not included in this reply, as the date mentioned by the hon. Member does not cover this period.

Pandit D. N. Tiwary: May I know the reason for this tortoise-speed? How long will it take to cover the whole country with the branches of the State Bank?

Shri A. C. Guha: The reply should not be taken as symbolic of the speed with which the matter is proceeding. In October, I think there were six branches opened. In September, 7 branches were opened. Up till now, from 1st July, 21 branches have been opened. I think after some experience in opening these branches has been gained, the speed will be very much higher. We are always aware of the commitment according to the Act, to open 400 branches.

Shri S. V. Ramaswamy: May I know whether any principle has been laid down as to where these branches are to be opened. Is it on the basis of population?

Shri A. C. Guha: No, not only on population. Some important towns, or rather district towns and sub-divisional towns are under consideration. More than the question of population, the turnover, adequacy or otherwise of the existing banking facilities, etc., are also taken into consideration. Public interest is the main criterion for opening branches.

Sardar Iqbal Singh: What is the number of branches which have been opened in the rural areas?

Shri A. C. Guha: These branches have been opened not exactly in the rural areas though some of these areas may be called semi-urban areas. As I have said, the present idea is to open branches first only in the district towns and also in the subdivisional towns. Then we can go to the rural areas.

Shri Bhagwat Jha Azad: May I know whether any tentative figure has been arrived at by the Ministry to open such branches in the rural areas, and if so, how many, and up to what time?

Shri A. C. Guha: I have already stated that 400 branches are to be opened according to the Act we have passed, and some of them will surely be in the rural areas. But for the present, we are trying to cover first the district towns and the subdivisional towns where there are no branches of the Bank and where no other banking facilities exist.

श्री एम० एल० द्विवेदी : क्या माननीय मंत्री महोदय को पता है कि पिछले साल फसल कटने पर किसानों को ७-८ रुपये मन गल्ला बेचना पड़ा था जिसकी वजह से इन बैंकों को खोलने की व्यवस्था की गयी थी । अब फिर फसल होने वाली है । मैं जानना चाहता हूं कि इन बैंको से किसानों को कितनी जल्दी लाभ पहुंचाया जा सकेगा ।

श्री अरुण चं गुहा : आनरेबल मेम्बर को अभी स्टेट बैंक का पूरा परपज (Purpose) मालूम नहीं हुआ है । स्टेट बैंक किसानों को डाइरेक्ट (direct) लोन नहीं देगा । वह वेयर हाउसिंग कारपोरेशन को और मारकेटिंग कारपोरेशन को लोन देगा । उसके वास्ते फुड एंड एग्रीकल्चर मिनिस्ट्री ने हाउस के सामने बिल रखा ह । उस बिल के पास होने के बाद वेयर हाउसिंग कारपोरेशन और मारकेटिंग कारपोरेशन एग्रीकल्चरल लोन देने की कारवाई शुरू करेंगे ।

Shri B. S. Murthy: What is the criterion for opening the branches of the State Bank in the rural areas?

Mr. Speaker: It has already been answered . The hon. Members must follow what is passing on in the House.

सेठ गोविन्द दास : अभी माननीय मंत्री जी ने कहा कि देहातों में स्टेट बैंक कर्ज नहीं देगा । यह तो ठीक है । लेकिन स्टेट बैंक देहातों का गल्ला खरीदता है । तो क्या इसकी.....

Mr. Speaker: Let there not be any argument over this matter. Questions may be asked.

सेठ गोविन्द दास : कोई व्यवस्था की जा रही है कि जो चार सौ शाखायें खोली जा रही हैं उनमें से कुछ शाखायें देहातों में भी खोली जायें ।

श्री अरुण चन्द्र गुहा : मैंने पहले तो यह नहीं कहा था कि देहातों में स्टेट बैंक लोन नहीं देगा । मैंने तो यह कहा था कि स्टेट बैंक वेयर हाउसिंग कारपोरेशन को और मार्केटिंग कारपोरेशन को और कोआपरेटिव सोसाइटीज को लोन देगा ।

Mr. Speaker: Hon. Minister can use that language in which he can express the ideas quite freely.

Shri A. C. Guha: I shall try to reply the Hindi questions in Hindi.

That is what I have been trying to do.

Accommodation for Income Tax Department Staff

***806. Shri Bibhuti Mishra:** Will the Minister of **Finance** be pleased to state:

(a) whether it is a fact that a scheme for the construction of residential houses for the staff of Income Tax Department is under consideration; and

(b) if so, the period within which the scheme is likely to materialise?

The Minister of Revenue and Civil Expenditure (Shri M. C. Shah): (a) Yes, Sir. A scheme has been already drawn up.

(b) Sites for the construction of quarters are being selected and it is expected it will take at least 2-3 years to acquire the sites and complete the construction of quarters at most of the places.

श्री विभूति मिश्र: जितने जिलों के हैडक्वार्टर्स हैं क्या उन सब पर सरकार इनकम टैक्स के दफ्तर खोलने और वहां पर उनके एम्प्लाईज के रहने का इन्तिजाम करने के बारे में सोच रही है ?

Shri M. C. Shah: That is our effort, Sir.

श्री विभूति मिश्र : हिन्दुस्तान में जितने जिले हैं उन सब में इनकम टैक्स के दफ्तर हैं या नहीं। यदि नहीं है तो सरकार को सारे इंडियन यूनियन में इनके लिए सालाना कितना भाड़ा देना पड़ता है ?

Shri M. C. Shah: We have to pay heavy rents and therefore we have already prepared a programme for having the income-tax offices in our own buildings, in most important cities of all the States and, at the same time we have also a scheme prepared to provide housing accommodation for the non-gazetted staff as well as for the officers.

Pandit C. N. Malaviya: The hon. Minister had stated that it will take two to three years to acquire land. May I know whether it is on account of some defect in the Land Acquisition Act, and if it is so, have the Government taken some steps to amend this Act so that lands may be acquired early?

Shri M. C. Shah: I did not say that two to three years will be required for acquiring land only. I said two to three years would be required to acquire sites and to construct buildings. We are ordinarily acquiring the lands under the Land Acquisition Act and also we are taking steps to take possession of the lands under the emergency provisions of the Land Acquisition Act. At times, we negotiate with the Governments where the sites belong to the State Governments and are available. We are taking very active steps, and we are very keen to provide the quarters for the non-gazetted staff as well as for the officers, and to construct office buildings in all important centres in all the States.

श्री विभूति मिश्र : मैं यह जानना चाहता हूं कि सरकार को प्रतिवर्ष इनकम टैक्स आफिसों के लिए कुल कितना भाड़ा देना पड़ता है ?

Shri M. C. Shah: I have not got those figures; it will take time to collect all those figures.

INDIAN EMBASSY IN WASHINGTON

***807. Shri D. C. Sharma**: Will the Minister of **Education** be pleased to state:

(a) the main functions of the Education Department of the Indian Embassy in Washington; and

(b) the nature of help given by this Department to Indian students who go to America for studies?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das): (a) The Education Department of the Indian Embassy in Washington looks after the educational facilities and the welfare arrangements of Indian students in the U.S.A. and helps to foster cultural relations between India and the U.S.A.

(b) A statement is laid on the Table of the House. [*See* Appendix V, annexure No. 17.]

Shri D. C. Sharma: It is a very long statement, and therefore, please permit me to ask a few extra questions.

Mr. Speaker: On some other day?

Shri D. C. Sharma: I mean the supplementary questions. It is said that the Education Department of the Indian Embassy has been arranging for cultural relations between India and the U.S. May I know how many educational institutions were visited by this Department during 1955?

Dr. M. M. Das: As the hon. Member himself admitted, the statement is very long and it contains thirteen items. Information on detailed questions upon each of these items, I am sorry, is not at present at may disposal.

Mr. Speaker: Order, order. My impression is this. In view of the Budget discussions that are going to take place on each department and Ministry, these are all matters of information which could be used then. There are certain other matters where long statements are not involved or the general working of the administration of a department is not involved. Questions can be put on them. We cannot enter into a discussion into the question as to how or the way in which the department is working.

Shri M. L. Dwivedi: Such statements may be placed on the Table of the House for the information of Members.

Mr. Speaker Yes. As soon as it is answered, it is there; it is given already. So, the hon. Member will reserve his statements or remarks to the Budget speech.

Sardar A. S. Saigal *rose*—

Mr. Speaker: I am not calling the hon. Member. It is a big statement and hon. Members will kindly read it.

PURCHASE OF JEEPS

***808. Shri Gidwani:** Will the Minister of **Defence** be pleased to state:

(a) whether it is a fact that the Government of India have decided to launch a civil suit against the British Firm S. C. K. (Agencies Limited) for recovery of losses incurred in connection with the contract for the purchase of Jeeps; and

(b) if so, the amount of damages claimed?

The Minister of Defence (Dr. Katju): (a) Yes.

(b) £ 2,54,155/-/-.

Shri Gidwani: Is it a fact that two contracts were entered into with two foreign firms Amti-Mistents and SCK Agencies Ltd., and if so, what were the terms of contract with each firm and how much loss was sustained by the Government in each contract and what was the capital of each company?

Dr. Katju: I have not got those details; I should like to have notice.

Shri Gidwani: May I know whether any tenders were invited while placing these orders and if not, is it a fact that the former firm was a newly formed company and was not a firm dealing in jeeps?

Mr. Speaker: All these matters have been before the House for over four years or more. They have been gone through in the Estimates Committee and other Committees and their reports have been placed before the House. The question is about the damages claimed and we could not go back into the partnership, amount of capital, etc.

Shri Gidwani: Why was not a claim filed against the first company? There also we suffered losses.

Dr. Katju: If the question is properly framed, I can answer it. This claim for damages was on the basis of a contract entered into in 1951. There were two contracts.—One in 1948 and the other in 1951. This was for the purchase of 1,007 jeeps out of which only 50 were supplied; 957 jeeps were not supplied and the claim for damages is based on the difference between the contracted rates and the market price.

श्री एम० एल० द्विवेदी : मैं यह जानना चाहता हूं कि इन जीपों की जांच करने के लिए जो एक इंस्पेक्टिंग फर्म मुकर्रर की गई

थी और जिसके दस फीसदी जीप्स को देख कर यह कह दिया था कि They are as good as new, ऐसा कह कर हिन्दुस्तान को रवाना किया था लेकिन बम्बई आने पर मालूम हुआ कि उनमें से एक भी जीप ठीक नहीं है ....

Mr. Speaker: I am not going to allow this question. I understand Hindi as much as the hon. Member does.

Shri Wodeyar: May I know how many jeeps were purchased by the Government, what is the total value and how the Government came into contact with these firms?

Dr. Katju: I do not know about this.

Mr. Speaker: The question may be interesting but we are going back to all those details relating to their formation, partnership, etc.

Shri M. L. Dwivedi: Some of these details are very material.

Mr. Speaker: They may be material but they do not arise out of this question.

Training in Geodesy

***811. Ch. Raghubir Singh:** Will the Minister of **Education** be pleased to state:

(a) whether it is a fact that some students were selected for training in Geodesy;

(b) if so, the basis of their selection; and

(c) their number State-wise?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das): (a) to (c). A statement giving the required information is laid on the Table of the House. [*See* Appendix V, annexure No. 18.]

Ch. Raghubir Singh: May I know the total number of persons selected in these years?

Dr. M. M. Das: In the original question, no specific year was mentioned and so we took 1949-50 when the two scholars for research training in geodesy were selected. Two were selected in that year.

Shri Bhagwat Jha Azad: May I know whether the two candidates selected in 1954-55 have completed their training, and if so, whether they have been absorbed in service by the Government for further work in this regard?

Dr. M. M. Das: Unfortunately, out of the two candidates selected one did not join and the other discontinued training within a month of joining.

Shri Bhagwat Jha Azad: May I know whether the candidates selected in the year 1949-50 completed their training and were utilised by the Government?

Dr. M. M. Das: One was appointed as a lecturer before the completion of the training at the Indian Institute of Technology at Kharagpur and the other went to the Survey of India So, they did not finish their training.

Shri Bhagwat Jha Azad: May I know whether there is a plan for research in this regard? What is the amount proposed to be spent in the current year?

Dr. M. M. Das: Due to absence of suitable scholars, we have dropped the scheme.

Pay and Pensions of Indian Army Personnel

***812. Sardar Iqbal Singh:** Will the Minister of **Defence** be pleased to lay a statement on the Table showing:

(a) the changes brought about in the Pay and Pensions of the Indian Army Personnel of all ranks (excluding Commissioned Officers) since Independence; and

(b) how they compare with the scales of Pay and Pensions during the War and immediately before War?

The Minister of Defence Organisation (Shri Tyagi): (a) and (b). A statement is laid on the Table of the Lok Sabha. [*See* Appendix V, annexure No. 19.]

Sardar Iqbal Singh: May I know whether Government is aware of the fact that there are still some ranks in the Indian army getting no increment in the whole of their service—for instance, subedar-major — and if so, whether the Government will consider this question?

Shri Tyagi: In the case of subedar-majors my hon. friend was anxious to know as to why no increment has been given after the pre-war or war-time scales. I am to inform him that prior to the war their *pay used to be Rs. 45 per month and during the war about Rs. 50 a month. Now, it ranges from Rs. 67 to Rs. 94 per month.

Sardar Iqbal Singh: My question was this. There is no increment given to some ranks of the Indian Army. Will the Government consider this point in the interest of efficiency and work of the Army?

Shri Tyagi: I would request the hon. Member to put a specific question about this.

Shri U. M. Trivedi: May I know if some of the retired army personnel are getting as low a pension as Rs. 4 per month? Has the Government any idea of increasing their pensions in view of the fact that nothing could be done in these days with Rs. 4 a month?

Shri Tyagi: Previously the pension used to be as low as Rs. 4. The old pensioners who retired long ago will continue to get the old pensions. Now the minimum pension which an ordinary sepoy will get is Rs. 15 a month.

Shri U. M. Trivedi: Will Government increase the pension of those pensioners to this minimum level?

Shri Tyagi: It is difficult to take into account all the pensioners who have been getting their pension and who retired about twenty or fifteen years back. It is only since the time when the Constitution came into force that the rate of pension has been increased.

श्री अजित सिंह : क्या यह सत्य है कि जवान जब १२ १३ वर्ष सर्विस कर लेते है तो उनको यह कह कर निकाल दिया जाता है "Service no longer required" तो क्या इसका उनकी पेंशन पर एफ़ैक्ट नही पड़ता है?

श्री त्यागी : ऐसे लोगों की जो कि १२, १३ वर्ष सर्विस कर चुकते है उनको अगर मस्टर आउट किया जाता है तो उनको मस्टरिंग आउट की पेंशन दी जाती है।

Shri Matthen: May I know if the hon. Minister is satisfied that the present scale of pay of the Army personnel including commissioned officers is attracting the best youth that we want?

Shri Tyagi : I may point out that I have replied a number of times that in comparison with the general scale and standard of wages in the country the Government feels that the present scale is not inappropriate.

Shrimati Ammu Swaminadhan: May I ask if the Government is giving the same facilities to the children of the pensioners that they used to get before in giving them free education ? May I know if that is being continued today?

Shri Tyagi: The hon. Member perhaps means the little allowance which was given to the children of those families whose earning member died as a soldier. That is known as family pension. That is continuing. We have further raised the rate. Previously it was less. Now I think it is double of what it used to be in the past.

*Later Corrected *Vide* Column No. 1246.

तांबा

*८१३. **श्री के० सी० सोधिया** : क्या **प्राकृतिक संसाधन और वैज्ञानिक गवेषणा** मंत्री सभा की टेबल पर एक विवरण रखने की कृपा करेंगे कि जिसमें बताया गया हो कि १९५४-५५ और १९५५-५६ में अब तक तांबे की खानों से कितना तांबा निकाला गया है ?

प्राकृतिक संसाधन मंत्री (श्री के० डी० मालवीय) : आवश्यक जानकारी विवरण पत्र के रूप में सभा पटल पर प्रस्तुत की जाती है [**देखिये** परिशिष्ट ५, अनुबन्ध सं० २०]

श्री के० सी० सोधिया : क्या मंत्री जी यह बताने की कृपा करेंगे कि जो तांबे का वर्तमान उत्पादन हो रहा है क्या वह देश की आवश्यकता को पूरी करने के लिये काफ़ी है ?

श्री के० डी० मालवीय : जी नहीं जो उत्पादन हो रहा है वह देश की आवश्यकता के लिये काफ़ी नहीं है देश की मौजूदा आवश्यकता तो करीब २५,००० टन के है ।

श्री के० सी० सोधिया : इस उत्पादन को बढ़ाने के लिये सरकार ने कौन कौन से उपाय किये हैं ?

श्री के० डी० मालवीय : नये तांबे के क्षेत्र ढूंढे गये हैं और वहां पर तांबा उत्पादन करने की जो योजनायें हैं उन पर विचार हो रहा है ।

सेठ अचल सिंह : क्या मंत्री महोदय बताने की कृपा करेंगे कि देश की आवश्यकता के वास्ते बाहर से प्रति वर्ष कितना तांबा मंगाया जाता है ?

श्री के० डी० मालवीय : जो हम को जरूरत है उसमें से उत्पादन को घटा दीजिये तो मालूम हो जायेगा ।

श्री भागवत झा आज़ाद: माननीय मंत्री ने पटल पर जो सूचनायें रक्खी हैं उन में से क्या मैं जान सकता हूं कि कितना तांबा सरकार द्वारा स्वयम् निकाला जा रहा है ?

श्री के० डी० मालवीय : तांबा जो इस समय उत्पादित किया जा रहा है देश में वह तो प्राइवेट सेक्टर के जरिये ही किया जा रहा है लेकिन राजस्थान और आंध्र देश में जो तांबे की खानों की जगहें हैं और जहां की योजनाओं पर विचार हो रहा है उन पर प्रत्यक्ष सरकार द्वारा ही काम करने का विचार है ।

भारत का भौगोलिक केंद्र

*८१४. **श्री बसी लाल** : क्या **प्राकृतिक संसाधन और वैज्ञानिक गवेषणा** मंत्री यह बताने की कृपा करेंगे कि :

(क) भौगोलिक दृष्टि से भारत का कौन सा स्थान केन्द्रीय स्थान समझा जाता है ;

(ख) उसका पता लगाने के लिये सरकार ने क्या कार्यवाही की है; और

(ग) क्या सरकार वहां पर एक स्मारक चिन्ह बनाना चाहती है ?

प्राकृतिक संसाधन मंत्री (श्री के० डी० मालवीय) : (क) से (ग). आवश्यक जानकारी विवरण पत्र के रूप में सभा पटल पर प्रस्तुत की जाती है [**देखिये** परिशिष्ट ५, अनुबन्ध सं० २१]

Shri Bansilal: From the statement I find that there is no answer to part (c).

Shri K. D. Malaviya: There is no intention to raise any monument there. But I may add that this expression "geographical centre" seems to have been used from some misconception. Unless there is an internationally accepted meaning of the expression "geographical centre" it is no use banking on this expression. We have other methods of locating the central place of a country.

Shri Bansilal: It is stated in the statement that some point near Umeria has been located as the centre and that it is based on some report. May I know what is the basis of that report?

Shri K. D. Malaviya: This central place which has been located in Jubbulpore about 4 miles from Umeria is based factually on the longitudinal stretches of the country; I mean we located the central place on the basis of longitudes.

Shri Bansilal: The statement says: "It has been reported that the 'Geographical Centre of India' is such and such". May I know what is that report?

Shri K. D. Malaviya: It is a long report of the Survey of India. If the hon. Member is interested in it I can place it on the Table or refer it to him.

Mr. Speaker: Very well.

Next question. Shri Satyendra Narayan Sinha.

Is he not here? May I request the hon. Members one thing? Now I have to look round to find out if an hon. Member is not here. Here I want the assistance of hon. Members. Wherever that particular Member sits, if the hon. Member close by will kindly tell me that the hon. Member is not here that will help me.

UNESCO

***816. Shrimati Jayashri:** Will the Minister of **Education** be pleased to state whether UNESCO has consulted Government of India about a proposal to establish an international organisation to study problems concerning children and young persons in their relation to the Press, Radio, Films and Television?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das): Yes, Sir.

Shrimati Jayashri: May I know what steps Government has taken to prevent undesirable films and literature creating an evil impression on the minds of tender children?

Dr. M. M. Das: This question does not arise out of this. The UNESCO wanted to know whether we have got in India an organisation which will be able to co-operate with the international organisation they are going to set up. So far this question is concerned, I may submit to the hon. Member that the Government has decided to set up an organisation here.

RETIRED I.C.S. AND I.A.S. OFFICERS

***820. Shri B. S. Murthy:** Will the Minister of **Home Affairs** be pleased to state:

(a) the number of retired I.C.S. and I.A.S. officers in employment of the Government of India on 1st March, 1956;

(b) the necessity of their re-employment; and

(c) the rules governing their pay scales?

The Minister in the Ministry of Home Affairs (Shri Datar): (a)

I.C.S. – 10
I. A. S. – 4
TOTAL – 14

(b) Paucity of suitable serving officers with the necessary background and administrative experience.

(c) There are no specific rules relating to fixation of pay of such officers. The pension drawn by them is however, taken into account when fixing their pay on re-employment.

Shri B. S. Murthy: May I know whether these 10 and 4 are the only retired officers?

Shri Datar: These are the only retired officers from I.A.S. and I.C.S. cadre who have been re-employed by the Government of India.

Shri B. S. Murthy: Am I to understand that all the retired I.C.S. and all the retired I.A.S. officers have been re-employed, or only these are the people who have been re-employed?

Shri Datar: The question and answer make it very clear that out of the retired officers from the I.A.S. and I.C.S. cadre these 14 are the only persons who have been re-employed by the Government of India.

Pandit K. C. Sharma: Is there any retired gentleman whose age is above 70 and who has been re-employed?

Shri Datar: No, Sir; not to my knowledge.

सेठ गोविंद दास : जितने लोग अभी फिर से रक्खे गये है उनको कितने दिनो क लिये रक्खा गया है ?

Shri Datar: Generally, they are re-employed for a period ranging from 1 to 3 years.

सेठ गोविंद दास : क्या जिन लोगों को शुरू में एक या तीन वर्ष के लिये रक्खा गया था उनका समय और भी बढाया गया है ?

Shri Datar: It may be in one or two cases, but I have not got those figures here.

Gold Mines

***821. Shri D. C. Sharma:** Will the Minister of **Natural Resources and Scientific Research** be pleased to state:

(a) the number of gold mines in India which are in working condition at present; and

(b) the production thereof in terms of money value from 1953 to 1955 year-wise?

The Minister of Natural Resources (Shri K. D. Malaviya): (a) and (b). A statement giving the required information is laid on the Table of the House. [*See* Appendix V, annexure No. 22.]

Shri D. C. Sharma: May I know if any attempt was made during last year to modernise these gold mines or whether they are being worked in the old fashion?

Shri K. D. Malaviya: Naturally those who are working on the extraction of gold will obviously adopt the latest methods.

Shri D. C. Sharma: May I know if any attempts are made to regulate the labour welfare in these mines?

Shri K. D. Malaviya: Yes, Sir. The labour welfare scheme is taken up in all these gold mines according to the latest rules of the Government.

Central Advisory Board of Education

***822. Shri Krishnacharya Joshi:** Will the Minister of **Education** be pleased to state:

(a) whether it is a fact that the Central Advisory Board of Education has recommended the setting up of a Planning Unit in each State; and

(b) if so, the progress made in the matter?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das): (a) Yes, Sir.

(b) As soon as the proceedings have been confirmed, the recommendation will be brought to the notice of all State Governments.

Shri Krishnacharya Joshi: May I know what will be the functions of this Planning Unit?

Dr. M. M. Das: The function of the Planning Unit will be to act as liaison between the Central and State Governments in regard to development plans.

Shri Krishnacharya Joshi: May I know whether any financial assistance will be given to the States?

Dr. M. M. Das: No, Sir; so far as this Planning Unit is concerned, no financial assistance is proposed to be given at present.

Sardar A. S. Saigal: May I know whether the Education Ministry has requested the State Governments to appoint some special officers for this?

Dr. M. M. Das: Yes, Sir; the Education Ministry at the Centre has requested the State Governments to employ special officers to attend to the proper implementation of the schemes under the Five Year Plan.

Sardar A. S. Saigal: What will be the financial help that the Education Ministry will give to the State Governments?

Dr. M. M. Das: So far as these special officers are concerned, 50 per cent of the salary of such officers will be met by the Centre.

सेठ गोविंद दास : जहां तक इन युनिट्स का सम्बध है, इन युनिट्स के ऐसे प्रान्तो में जहां की मातृ भाषा हिन्दी नहीं हैं क्या उन को इस बात के लिये भी कहा जायगा कि वह इस के लिये कोई योजना पेश करे कि वहां पर हिंदी का प्रचार कैसे हो सकता है ?

Dr. M. M. Das: At its last meeting in January, the Central Advisory Board of Education recommended that Planning Units should be established in the different States. Now, nothing more than that is there. When the proceedings of the Central Advisory Board of Education are finalised, we will send their resolution, that is the recommendation of the Board, to the State Governments.

Shri D. C. Sharma: May I know if this Planning Unit will concern itself only with education or with other subjects also and, if with education, with all aspects of education or any particular aspect of it?

Dr. M. M. Das: I have said that these Planning Units will act as a liaison between the Centre and the State Governments in regard to the Development Plans, that is Development Plans under the Second Five Year Plan.

Shri Shree Narayan Das: May I know how these Units will be constituted?

Dr. M. M. Das: As I said, the recommendation has not yet gone to the State Governments. Only the Central Advisory Board of Education has made that recommendation. Even the proceedings of that meeting have not yet been finalised.

Assam Oil Company

***823. Dr. Ram Subhag Singh:** Will the Minister of **Natural Resources and Scientific Research** be pleased to state:

(a) whether the Assam Oil Company has expressed its desire to widen its sphere of oil exploratory activity; and

(b) if so, whether talks have been held between the Government of India and the representatives of the Assam Oil Company in this matter?

The Minister of Natural Resources (Shri K. D. Malaviya): (a) and (b). Yes, Sir.

Dr. Ram Subhag Singh: May I know the nature of the talks that have been held between the Government of India and the Assam Oil Company?

Shri K. D. Malaviya: The negotiations are at present going on, and I would request the hon. Member to wait for a little more in order to know about it.

Shri Bhagwat Jha Azad: May I know whether Government have made it plain to them that in such undertakings Government will not take less than 51 per cent share?

Shri K. D. Malaviya: I have read a lot about these things in the papers.

Shri K. P. Tripathi: An announcement was recently made that 51 per cent of the shares will be taken by the Government. Before that there was an announcement that only 33½ per cent. will be taken. May I know if the second announcement overrides the first?

Shri K. D. Malaviya: It is our intention to have a controlling share in the venture which is going to produce oil in Assam. As I said, negotiations are going on and nothing can be conclusively said about it.

Pandit D. N. Tiwary: May I know whether the attention of Government has been drawn to the statement of the Education Minister published in this morning's papers that he is not going to accept less than 51 per cent?

Shri K. D. Malaviya: Yes, Sir, I said it is our intention to have 51 per cent share in the proposed, Rupee Co.

Shri K. P. Tripathi: May I know if it is a fact that the Government is negotiating on this 51 per cent basis on the promise that the Company would be permitted to set up its refinery in Calcutta; and, if so, whether Government consider that such a promise in advance is not correct?

Shri K. D. Malaviya: Government have made no promise except the agreement made between the Assam Oil Company and the Government some time back with respect to a prospecting license and mining lease on a very small patch of land, probably ·55 square miles. The rest of the arrangements that are to be agreed upon between the two parties are being negotiated just now.

Army Land in Punjab and PEPSU

***824. Sardar Iqbal Singh:** Will the Minister of **Defence** be pleased to state:

(a) the steps taken so far to implement the decision to dispose off surplus Army lands in the Punjab and PEPSU States; and

(b) the total land disposed of in the Punjab and PEPSU States so far?

The Deputy Minister of Defence (Sardar Majithia): (a) and (b). There are no surplus Army lands in PEPSU State and the question of their disposal does not arise.

As regards Punjab, a preliminary examination has shown that a few camping grounds are temporarily surplus to the present requirements of the Army but whether all or any of these can be declared permanently surplus and disposed of is under careful examination.

Sardar Iqbal Singh: May I know whether the Punjab Government has requested for the taking of these camping grounds for building their new model villages, and if that is the reason for the rejection of their request?

Sardar Majithia: As I said, it is still under the examination of Government whether these camping grounds can be declared to be permanently surplus. The moment we decide about that, then the question will arise about their disposal.

Canadian Team for Oil Survey

***825. Shri Bhagwat Jha Azad:** Will the Minister of **Natural Resources and Scientific Research** be pleased to state:

(a) whether it is a fact that a Canadian Team has arrived in India to conduct an Aero-Magnetic Survey of the country; and

(b) if so, which parts of the country will be surveyed by them?

The Minister of Natural Resources (Shri K. D. Malaviya): (a) Yes, Sir.

(b) The services of a Canadian Team have been secured (through Colombo Plan aid) to carry out aeromagnetic survey of parts of Jaisalmer in Rajasthan. This work is only a part of the scheme for prospecting oil. The same team is also expected to carry out a few test flights over the U.P., Bihar and Punjab plains

Shri Bhagwat Jha Azad: May I know what are the conditions attached to this survey by the Canadian team?

Shri K. D. Malaviya: The important terms is we have nothing to pay for it; it is all done under the Colombo Plan aid. We will bear the expenses of their stay here so far as lodging and boarding are concerned.

Shri Bhagwat Jha Azad: What will be the approximate period of survey that will be undertaken by this team in the country?

Shri K. D. Malaviya: At present the aero-magnetic survey is going on, every day they are having routine flights. It is expected that the aeromagnetic survey of Rajasthan will be finished by the end of this month. And in the next month some test flights will be taken up in U.P.

Shri Joachim Alva: What is the definite policy of the Government in inviting every and any country for the survey, exploration and drilling of oil; and has Government drawn any moral from the story of oil in the Middle East where it has become a cockpit of conflict?

Shri K. D. Malaviya: The question is too big and comprehensive a one for me to answer.

Shri Bhagwat Jha Azad: May I know the result and outcome of the survey that has been completed by now?

Shri K. D. Malaviya: It is premature to say anything now. Unless the aeromagnetic survey is completed, nothing can be said.

Estate Duty

***826. Shri Krishnacharya Joshi:** Will the Minister of **Finance** be pleased to refer to the reply given to Starred Question No. 946 on the 19th December, 1955 and state:

(a) whether the recommendation made by the Taxation Enquiry Commission that the period before death during which gift *inter vivos* become liable to estate duty should be increased from two years to five years has since been considered; and

(b) if so, the decision arrived at?

The Minister of Revenue and Civil Expenditure (Shri M. C. Shah): (a) This recommendation is still being considered by the Government.

(b) Does not therefore arise.

Shri Krishnacharya Joshi: May I know when the decision is likely to be arrived at?

Shri M. C. Shah: It will take some time.

Estate Duty

***828. Sardar Iqbal Singh:** Will the Minister of **Finance** be pleased to state:

(a) the amount of income collected in each State under the Estate duty Act in 1955-56 so far;

(b) the number of Estate Duty cases under consideration in each State at present; and

(c) whether Government have devised any scheme for the early disposal of the pending cases?

The Minister of Revenue and Civil Expenditure (Mr. M. C. Shah): (a) and (b). A statement is laid on the Table of the House. [*See* Appendix V, annexure No. 23.]

(c) Accountable persons are entitled to six months' time to submit Estate Duty Returns, so that there will always be some cases registered for assessment but not ready for disposal. The number of pending cases is not so large as to require the adoption of any special devices for their disposal.

Sardar Iqbal Singh: I find from the statement that 2,700 cases are still pending. Out of these cases, may I know how many are under investigation, the time that will be taken for their disposal, and whether Government has provided any special machinery for their disposal?

Shri M. C. Shah: As I said in the reply, six months' time is given to accountable persons. Thereafter they file the returns. And after the returns are filed, the Income-tax officers who are acting as Assistant Controller or Controller of Estate Duty, go through these cases. And there are certain pending cases, but they are not so many as may cause any concern or anxiety.

Sardar Iqbal Singh: May I know the total value of income that remains to be assessed in these cases?

Shri M. C. Shah: The total value of Estate Duty recovered so far, from 1-4-55 to 31-1-56 is Rs. 1,05,95,676; and the cases to be disposed of are 2,775.

That was up to 31st of January, 1956. I may inform him that thereafter by the end of February, we have been able to collect Rs. 1,21,10,337 out of a total demand of Rs. 1,86,-04,004.

M.E.S. EMPLOYEES

*619. **Shri Keshavaiengar:** Will the Minister of **Defence** be pleased to state:

(a) whether it is a fact that in the M.E.S. the non-gazetted officers only are subjected to annual medical examination for purposes of confidential reports; and

(b) whether there is a proposal to dispense with their medical examination?

The Minister of Defence Organization (Shri Tyagi): (a) Only those non-gazetted officers who are liable to service in Field Areas, are medically examined annually.

(b) No.

Shri Keshavaiengar: May we konw how this matter of status, gazetted or non-gazetted, affects the question of the medical examination of the examinees?

Shri Tyagi: In fact, most of the gazetted officers are not liable for field service. Therefore, they are not generally examined. But, the Ministry is going to clarify this issue by issuing a set of rules which would decide which of the categories of civilians are liable for field service. Then, it will be clarified.

Shri Veeraswamy: My question No. 817 is important. It may be taken up.

Mr. Speaker: Why was he absent? As the list is over, I shall now call the hon. Members who were not present.

UNIVERSITY GRANTS COMMISSION

*810. **Shri M. S. Gurupadaswamy:** Will the Minister of **Education** be pleased to state:

(a) whether it is a fact that the University Grants Commission has set up a Committee to go into the question of maintenance of standards in Universities; and

(b) if so, what are its terms of reference?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das): (a) Yes, Sir.

(b) To go into the question of maintenance of standards and coordinating facilities in Education in Universities.

Shri M. S. Gurupadaswamy: May I know when this committee which has been set up will finish its work and submit its report?

Dr. M. M. Das: I must submit to the hon. Member that this committee has only met once and that was informal.

Shri M. S. Gurupadaswamy: May I know whether this committee will tour all the areas and collect information from the concerned authorities connected with University education?

Dr. M. M. Das: I am not at present in a position to answer this question. I have not got the information.

Shri Bhagwat Jha Azad: This committee met once and that also informally. Seeing the record of the Education Ministry, may I know whether any time-limit has been fixed for the committee to submit its report?

Dr. M. M. Das: This committee was appointed on 8th October, 1955. We think that the committee will begin its work soon.

STUDENT STRIKES

*817. **Shri Veeraswamy:** Will the Minister of **Education** be pleased to refer to the reply given to a supplementary on Starred Question No. 296 on the 28th February, 1956 and state:

(a) whether there is any proposal under the consideration of the Government of India to take steps to prevent students from taking part in political activities; and

(b) if so, the details thereof?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das): (a) and (b). It has been impressed upon the State Governments that the use of young students in election campaigns by political parties is detrimental to national interests and they should consider suitably addressing the educational institutions within their respective jurisdiction in regard to this.

There is no other scheme under consideration.

Shri Veeraswamy: May I know whether it is not desirable to convene a conference of students from all over India and discuss their indiscipline and misbehaviour in schools?

Dr. M. M. Das: It may be highly desirable. So far as the Central Government are concerned, they have no authority to enforce such a decision on the whole country.

Shri Veeraswamy: May I know whether the Government will issue instructions to the State Governments to impose restrictions on students' participating in political meetings?

Dr. M. M. Das: As I have said in the original reply, we have written to the State Governments about this matter.

Shri B. S. Murthy: May I know whether this question has not been discussed in the several seminars of students, and if so, what were the decisions?

Dr. M. M. Das: I am not sure whether this question has been discussed in the seminars that have been held recently.

Sardar A. S. Saigal: We will request you to take up question No. 819. It is an important question.

Mr. Speaker: I have been allowing answers to such questions. Two hon. Members have tabled the question. Neither of them has authorised any hon. Member here to put the question. I am not going to allow it.

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*CORRECTION OF ANSWER TO SUPPLEMENTARY QUESTION

The Minister of Defence Organization (Shri Tyagi): May I make a statement correcting a reply? With regard to question No. 812, my hon. friend Sardar Iqbal Singh put a question about the pay of a Subhedar-Major. I thought he was enquiring about pension and the figure I quoted pertains to his pension. His pay is Rs. 363-8-0. There is no increment in his pay because he is at the fag end of his service and by increment he has become a Subhedar-Major. Such ones as have done good service are given honorary commissioned ranks and so they get better pensions.

SHORT NOTICE QUESTIONS AND ANSWERS

INSURANCE PREMIUM RATES

S. N. Q. No. 4 Shri Balwant Sinha Mehta: Will the Minister of **Finance** be pleased to state:

(a) whether it is fact that his remarks about life insurance premium rates made in the Lok Sabha on the 3rd March, 1956 have been interpreted by many to mean that a further reduction in the rates is likely to occur in the near future;

(b) whether it is a fact that the uncertainty created by these reports is working as a check on fresh business in life insurance; and

(c) whether he will clarify the intentions of Government in respect of premium rates?

**See* Column No. 1229.

The Minister of Finance (Shri C. D. Deshmukh): (a) to (c). Yes. My remarks in the Lok Sabha appear to have been interpreted by some to mean that a further reduction in premium rates was likely to occur in the near future and this might have caused some holding back of business temporarily. I should like however to make it clear that Government have no such intention.

Shri Joachim Alva: In considering the rates, did the Government review the position of the Mysore State Insurance Scheme where the premiums are very low?

Shri C. D. Deshmukh: We are not going to undertake any review of the rates in the near future.

Shri Shree Narayan Das: Has the attention of the Government been drawn to the discrimination between man and woman in respect of policies and that the woman has to pay an extra amount?

Mr. Speaker: That is a general question.

PERMIT FOR JAMMU AND KASHMIR

S. N. Q. No. 5. Shri U. M. Trivedi: Will the Minister of **Defence** be pleased to state:

(a) whether it is a fact that a Member of the Working Committee of the Akhil Bhartiya Jan Sangh Party applied for permission to go to Jammu on the 12th March, 1956;

(b) whether such permission was sought to organise the Jan Sangh campaign for the forthcoming Municipal elections in Jammu;

(c) whether the permission was refused on the 13th March, 1956; and

(d) if so, reasons therefor?

The Minister of Defence (Dr. Katju): (a) An application was received from Shri Kedar Nath Sahani on the 6th March 1956 for permission to go to Jammu for one week. In his application he described himself as General Secretary, Delhi State Jana Sangh.

(b) "Jana Sangh work" was given as the purpose of the visit. No mention was made of municipal elections in Jammu.

(c) Yes.

(d) Entry into Jammu and Kashmir is controlled in accordance with the Jammu & Kashmir Ingress (Permit) Rules, 1955, promulgated by the Jammu and Kashmir Government. Shri Sahani's request for a permit was not accepted in deference to the wishes of that Government.

Shri U. M. Trivedi: Is it a fact that the State Government had disowned every responsibility for refusal of permit and thrown the responsibility on the shoulders of the Government of India as stated a few days back?

Dr. Katju: I have no such knowledge.

Shri U. M. Trivedi: Will the hon. Minister be pleased to state if it is a fact that the application of the rules is being made to prevent the certain defeat of the National Conference candidates in the election.

Dr. Katju: As I said, I have no such knowledge.

Shri V. G. Deshpande: In view of the fact that the Minister of Defence made a statement when the adjournment motion was discussed that Shri Sahani was not allowed entry because he was a member of the Jan Sangh, has Government prepared a list of the political parties whose members should not be given permits to go there.

Dr. Katju: No such list has been prepared. Every question will be decided, when it arises, on its own merits.

Shri U. M. Trivedi: If the Government of India is aware of the fact that Pandit Prem Nath Dogra is the President of the Jan Sangh party and lives in Jammu, how does it justify the ban on the entry of the Jan Sangh members to carry on their legitimate election propaganda in Jammu?

Dr. Katju: There is a difference between the people who reside in Jammu and Kashmir and those who do not reside there.

Shri U. M. Trivedi: One question more.

Mr. Speaker: I have allowed him a number of questions.

WRITTEN ANSWERS TO QUESTIONS

GRANTS FOR SCHEDULED TRIBES IN MYSORE

***809. Shri N. Rachiah:** Will the Minister of **Home Affairs** be pleased to state the total amount of grants given for the uplift of Scheduled Tribes to the Mysore State during 1955-56?

The Minister in the Ministry of Home Affairs (Shri Datar): Rs. 1,30,680/-.

EXPENDITURE ON FIVE YEAR PLAN

***815. Shri Satyendra Narayan Sinha:** Will the Minister of **Finance** be pleased to state:

(a) whether it is a fact that State Governments have represented to the Government of India that it was difficult for them to supply exact figures of expenditure on Five Year Plan schemes to the Planning Commission; and

(b) if so, whether any alternative method for maintenance of accounts have been suggested?

The Deputy Minister of Finance (Shri B. R. Bhagat): (a) A representation to that effect was made by a State Government some time ago.

(b) Plan expenditure is inextricably mixed up with the ordinary expenditure in most cases and its complete segregation in the accounts is not practicable without major structural changes, both in the accounts and in the form of bills and vouchers. Departmental authorities are, however, expected to maintain pro forma accounts of Plan expenditure from their own records and such other details as may be available in the regular accounts. The question of eliminating delays and difficulties in the maintenance of such accounts is kept under constant review.

MINERAL SURVEY

***818. Shri Sanganna:** Will the Minister of **Natural Resources and Scientific Research** be pleased to state:

(a) whether any mineral survey has been undertaken in Orissa during 1955-56 in order to assess the availability of minerals; and

(b) if so, the results thereof?

The Minister of Natural Resources (Shri K. D. Malaviya): (a) and (b). Geological survey is in progress and the information regarding the investigations which are actually carried out will become available on receipt of geologists' report at the close of the winter season.

DURGAPUR STEEL PLANT

***819. { Dr. Rama Rao: / Shri T. B. Vittal Rao:** Will the Minister of **Finance** be pleased to state:

(a) the rate of interest which will have to be paid on the loans to be raised in U. K. from U. K. Government and Banks for Durgapur Steel Plant;

(b) whether the interest would bear any relation to U. K. Bank Rate, and if so, how much it will actually come to;

(c) if Government is prepared to pay such a high rate of interest, whether they cannot get this amount as a special public loan at the same or a lower interest; and

(d) to what extent the sterling balances will be utilised to repay the loans?

The Minister of Finance (Shri C. D. Deshmukh): (a) and (b). The rate of interest on the U. K. Government

loan will be the rate at which that Government itself could borrow plus a small element to cover costs of issue and management. The rate of interest on the loan to be given by the Banker's syndicate will be 1% above the Bank of England rediscount rate with a minimum of 4½%.

(c) It is not possible to raise any foreign public loans on reasonable terms under present market conditions.

(d) The sterling balances represent practically the totality of the foreign exchange assets of the country. All foreign earnings including the proceeds of loans are credited to them and all foreign expenditure including the repayment of loans is debited to them. In this sense the loans will be repaid from the sterling balances.

SCHOOL OF PRINTING, ALLAHABAD

***827. Shri Gadilingana Gowd:** Will the Minister of **Education** be pleased to state the number of students who are expected to receive training annually in the different courses to be taught at the school of printing, Allahabad?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das): A statement giving the required information is laid on the Table of the House. [*See* Appendix V, annexure No. 24.]

विदेशी फर्में

४७८. **श्री अनिरुद्ध सिंह :** क्या **वित्त** मंत्री यह बताने की कृपा करेंगे कि :

(क) १९५४-५५ में कौन से देशों की गैर-सरकारी निगमित फर्मों ने भारत में कारोबार प्रारम्भ किया; और

(ख) उनकी कितनी पूंजी लगी हुई है तथा वे किस प्रकार का व्यवसाय करती हैं ?

राजस्व और असैनिक व्यय मंत्री (श्री एम० सी० शाह) : (क) तथा (ख). सभा की मेज पर एक विवरण रख दिया गया है जिसमे उन गैर-सरकारी कम्पनियों के बारे में मांगी गयी सूचना दी गयी है जो भारत से बाहर कहीं और संगठित हुई हैं लेकिन जिनके व्यापार का मुख्य स्थान भारत है । [**देखिये** परिशिष्ट ५, अनुबन्ध सं० २५]

CENTRAL ACTS

479. Shri Dabhi : Will the Minister of **Law** be pleased to state:

(a) whether it is a fact that Government have undertaken the publication of the volumes of the unrepealed Central Acts in the form of loose leaf binders, with a view to maintaining up-to-date corrected copies of the Acts for ready reference;

(b) if so, the progress made in this direction; and

(c) the time by which Government expect the work of the publication to be completed?

The Minister of Law and Minority Affairs (Shri Biswas): (a) Yes, Sir.

(b) Volume I has been published.

(c) By the end of March, 1957.

सैनिक कर्मचारियों के रहने के लिये क्वार्टर

४८०. **श्री भक्त दर्शन :** क्या **प्रति रक्षा** मंत्री ६ दिसम्बर, १९५५ को दिये गये तारांकित प्रश्न संख्या ५७९ के उत्तर के सम्बन्ध में यह बताने की कृपा करेंगे कि :

(क) जम्मू-काश्मीर मोर्चे पर सैनिक अफसरों और जवानों द्वारा स्वेच्छा श्रमदान से कितने क्वार्टर बनाये गये हैं और उनका अनुमानित मूल्य कितना है;

(ख) इस कार्य के लिये सरकारी निधि से कितनी सहायता दी गई है; और

(ग) क्या अन्य स्थानों पर भी ऐसे स्वेच्छा से किये गये निर्माण कार्य को प्रोत्साहन देने के लिये कोई कार्यवाही की जा रही है ?

प्रतिरक्षा उपमंत्री (सरदार मजीठिया) : (क) जम्मू और काश्मीर क्षेत्र में ६५५ मकान बनाये गए हैं जिनका मूल्य लगभग १,७२,७३२ रुपये है ।

(ख) कोई नहीं ।

(ग) यह प्रस्ताव किया गया है कि १ अप्रैल १९५६ से एक वर्ष के लिए प्रयोग के ढंग पर फौजियों को स्वेच्छा से बैरकों के भरण-पोषण कार्य करने के लिये प्रोत्साहित किया जाय जिसमें वर्ष में प्रत्येक अदर रैंक (अन्य श्रेणी के सैनिक) "७ आदमी" दिनों से अधिक कार्य न करे ।

UNIVERSITY GRANTS COMMISSION

481. Shri Sivamurthi Swami: Will the Minister of **Education** be pleased to state:

(a) whether it is a fact that the Inter-University Board and the University Grants Commission held meetings recently at Aligarh; and

(b) if so, the important decisions arrived at these meetings?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das): (a) An annual meeting of the Inter-University Board and a joint meeting of the University Grants Commission and the Inter-University Board were held at Aligarh in January, 1956.

(b) Proceedings in respect of the annual meeting of the Inter-University Board have not been received. The only important decision at the Joint Meeting was that regarding the introduction of Three Year Degree Course. The meeting generally approved the terms of the note prepared by the University Grants Commission to serve as a basis of discussion, namely :—

(i) That the Universities should institute the Three Year Degree Course after the Higher Secondary or the Pre-University Course;

(ii) That there should be flexibility in the matter of the courses of study, whether it be B. A. Pass or B.A. (Hons.) but the standard of attainment should be improved; and

(iii) That the Master's Degree should be a post-graduate degree of two year's duration after the B. A. Pass or Honours.

SCHEDULED CASTES AND SCHEDULED TRIBES OFFICERS

482. Shri Velayudhan: Will the Minister of **Home Affairs** be pleased to state the number of Under Secretaries, Deputy Secretaries and Joint Secretaries working in the Government of India, belonging to the Scheduled Castes and Scheduled Tribes separately?

The Minister in the Ministry of Home Affairs (Shri Datar):

	Joint Secretaries	Deputy Secretaries	Under Secretaries
Scheduled Caste		2	2*
Scheduled Tribe	..	..	

*One more officer is being appointed as Under Secretary.

INDIAN STATISTICAL INSTITUTE, CALCUTTA

483. Shri Shree Narayan Das: Will the Minister of **Finance** be pleased to state:

(a) the recommendations and suggestions made by Prof. Oxar Lange, Rector of the Central School of Planning and Statistics in Warsaw, who was invited by the Indian Statistical Institute of Calcutta, for the improvement of Indian Statistics; and

(b) whether they have been considered and given effect to?

The Minister of Finance (Shri C. D. Deshmukh): (a) Professor Lange has not made any recommendations about the improvement of statistics in India.

(b) Does not arise.

GEOLOGICAL SURVEY

484. { Shri Radha Raman : Shri Krishnacharya Joshi :

Will the Minister of **Natural Resources and Scientific Research** be pleased to state :

(a) whether it is a fact that the Geological Survey of India is conducting a survey between Jangalgali and Kokakot in Jammu;

(b) if so, when it is likely to be completed; and

(c) its full details?

The Minister of Natural Resources (Shri K. D. Malaviya): (a) to (c). The Geological Survey of India is at present carrying out a preliminary examination of the coal belt in this area as a preliminary to detailed work later on.

SCHOLARSHIPS TO SCHEDULED CASTES ETC.

485. Shri Vallatharas: Will the Minister of **Education** be pleased to state:

(a) the basis on which the 17·5 per cent of reservation of scholarships for the Scheduled Castes and Backward Classes in respect of the Government of India Merit Scholarships has been fixed, and whether the fixation has got any reference to the population basis; and

(b) the reasons for adoption of a syllabus for the screening, testing and examination of the candidates in respect of the Merit Scholarships in general on the basis of age instead of the class or standard in which the candidates study?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das): (a) On the same basis as the reservations approved by Government in 1952 for applicants from these classes in connection with recruitment to Government posts and appointments selection for which is made purely on merit by open competition on an all-India basis.

(b) Preliminary screening of candidates from each State was done by the State Government concerned in the manner best adapted to the needs of the candidates. The Psychological tests which all the screened candidates had to take were specially designed to assess only their intelligence and not their scholastic attainments for which the question of class or standard is relevant. As regards written tests, which were administered only to candidates above 9 years of age, the syllabus was drawn up by an Expert Committee with the Headmasters of the Scindia School, Gwalior and the Modern School, New Delhi as Members.

WELFARE PROJECTS IN MYSORE

486. Shri Siddananjappa: Will the Minister of **Education** be pleased to state :

(a) whether the Central Social Welfare Board has sanctioned grants for the construction of buildings for the Welfare Projects in Mysore State;

(b) if so, the total amount of grants sanctioned during 1955-56; and

(c) the names of welfare projects that have received grants for the purpose?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das): (a) No, Sir.

(b) and (c). Does not arise.

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Tuesday, March 20, 1956

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(Part II—Proceedings other than Questions and Answers)

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GIPN—S5—30 Lok Sabha—28-3-57—840

LOK SABHA DEBATES

Dated... 27.2.201

(Part II—Proceedings other than Questions and Answers)

LOK SABHA

Tuesday, 20th March, 1956

The Lok Sabha met at Half Past Ten of the Clock.

[MR. SPEAKER *in the Chair*]

QUESTIONS AND ANSWERS

(*See Part* I)

1-30 A.M.

MOTION FOR ADJOURNMENT

CLASH BETWEEN INDIAN AND PAKISTANI ARMY UNITS AT HUSSAINIWALA HEADWORKS

Mr. Speaker: I have received notice of an adjournment motion from Shri M. S. Gurupadaswamy. The matter is coming up in the statement of the hon. Prime Minister. The subject of the adjournment motion is:

> "The situation arising out of the clash between the Indian and the Pakistan Army Units at Hussainiwala headworks in Ferozepore district and the consequent infringement on the security and territorial sovereignty of India."

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): If you permit me and the House so desires, I am prepared to lay on the Table of the House a statement giving the facts in this matter.

Mr. Speaker: May we take this up after the election is over?

Shri Jawaharlal Nehru: Yes.

Mr. Speaker: I have just called it because it has to be called in that order.

Then this will stand over till after the election of the Deputy-Speaker is concluded.

ELECTION OF DEPUTY-SPEAKER

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): I beg to move:

> "That Sardar Hukam Singh, a Member of this House, be chosen as the Deputy-Speaker of this House."

The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha): I beg to second this motion.

Mr. Speaker: Motion moved:

> "That Sardar Hukam Singh, a Member of this House, be chosen as the Deputy-Speaker of this House."

It has been proposed and duly seconded. I will now put the question to the vote of the House.

The question is :

> "That Sardar Hukam Singh, a Member of this House, be chosen as the Deputy-Speaker of this House."

The motion was adopted.

Mr. Speaker: I declare that Sardar Hukam Singh has been duly elected as the Deputy-Speaker of this House.

I have great pleasure in inviting Sardar Hukam Singh to the office of Deputy-Speaker of this House.

I held this office for eight years. I know the duties and responsibilities of this office. I am personally confident that from the manner in which he has been discharging the duties of the office of Chairman, being a member of the panel of Chairman, he will give entire satisfaction to the hon. Members of this House. I am equally confident that with his age and experience, though he is an active politician, he will hold the scales even while he is discharging the duties of his high office.

I have always seen, and hon. Members are aware, that an amount of legal talent will enable a person sitting in this Chair to dispose of various points

[Mr. Speaker]

of order and other legal matters that are raised from time to time. Sardar Hukam Singh was an able advocate and later on rose to the Bench in the State of Kapurthala as one of the Judges of the High Court. With that experience he will certainly be able to discharge his duties very well.

He has also been a parliamentarian. He came into the Constituent Assembly in 1948. Thereafter he was continuously in the provisional Parliament, and since 1952 he has been a Member of this hon. House.

On behalf of the Members here and on my own behalf, I welcome him once again to the office of the Deputy-Speakership.

Sardar Hukum Singh (Kapurthala-Bhatinda) : I am overwhelmed with gratitude at this moment. I know that the responsibilities of this office are very great. I also know that I have failings and shortcomings in me. That makes me nervous as to whether it will be possible for me to discharge the duties and responsibilities of such a high office which has been held, as you yourself said, for eight long years by you, an eminent scholar and parliamentarian having so many gifts. But I have full faith in the generosity of this House and the keenness and desire of this House to see that parliamentary practices prove successful in our country. With that hope I have given my consent and I take up those responsibilities.

Since I came here I have been a Member of Opposition. I hope to continue in that position as a Member of the Opposition unless I am pushed out by my friends who are not here today. Certainly I have been put in a very embarrassing position at this moment. I should say that I was in a dilemma. I consulted some of my friends here. I am saying it on the floor of the House. I told them that the Government was proposing to take some one out of the Opposition. If they had any Member to offer or if they could get it, I could stand out; I was not anxious for that. It is all the more, what shall I say, creditable—or what better term can I use for the Government—that I had never gone to anybody, I had never requested any high dignitary, and it has come to me unasked for. I do not know what was there that struck the Government party to select me.

Shri Algu Rai Shastri (Azamgarh Distt.—East *cum* Bhalia Distt.—West) : Your ability.

Sardar Hukum Singh: It is the eye that catches that matters. There is an adage in the Punjab:

"साईं दे मन इनी तों कमली वी सिग्रानी"

If the master takes a girl to his house, then, even a fool is acceptable. If these hon. Members who are here masters have accepted me, then whatever I might be, I am here accepted by them. But certainly I feel embarrassed when I do not find my friends here.

Shri Khardekar (Kolhapur *cum* Satara) : There are some here.

Sardar Hukam Singh : It would be only fair for me to disclose that I told them frankly that if they did not want me, I would not come, but that they would not say, and they have put me in such a position that it might be interpreted that I am coming against their wishes. But they conveyed to me I have their good wishes quite all right. Anyhow, I belong to a party that has only two Members in this House. I hope this House would permit me to continue in that Party because I desire to continue.

Hon. Members: Yes.

Sardar Hukam Singh: But this much I can assure that when I am in that Chair I will try to do even justice to every Party and Member. My professions might not be accepted, it would be my conduct that would show whether I am sincere in that or I am able to discharge my duties.

There is a greater responsibility cast on the Government by this. It is a new experiment that they have made in choosing one of the Opposition Members. If I fail perhaps their selection might not be justified. There is another suggestion that I have specially to address to my brothers who are absent and who are present also, that when they say that I carry with me their good wishes, if I fail, that experiment fails and perhaps no Opposition Member might ever be selected for this post in future. If I succeed perhaps I would have done them service and carried their cause further.

I thank all the authorities, particularly our Prime Minister and other Ministers perhaps who have thought it fit

that they should select one of the Opposition this time and I consider myself so fortunate that the choice has fallen on me. I can assure every one of my brethren that I will try my best to discharge those duties that have been cast upon me conscientiously and sincerely to the best of my ability.

Shri Jawaharlal Nehru: Mr. Speaker, Sir, since this motion for the election of the Deputy-Speaker was made by me, it is obvious what my views were on this subject. Nevertheless, I should like to welcome the hon. Member opposite, Sardar Hukam Singh, to this high office.

We have ventured to propose his name chiefly because we have full experience of him in this office, when he has been acting as chairman. We thought of this matter not from any party line, not even, if I may say so, because we were specially anxious to have a Member of the Opposition, although we would welcome a Member of the Opposition for this Chair, but simply because we wanted a person who was suited and who had already shown his high ability in this work.

I have no doubt that his choice has the unanimous consent of this House, of even those who unfortunately are not present here. In fact, I know it; they have told me so. They have not, I am sorry, come here, perhaps because they did not quite like the procedure adopted in this matter; it is not the same, but it is the procedure. I had occasion only yesterday to discuss this matter with some hon. Members opposite, and I told them that this had not struck me previously.

We all believe that the Speaker, and the Deputy-Speaker, should be persons who function in that high office with complete impartiality and without any bias towards any party. We believe also that in the selection of the Speaker or the Deputy-Speaker, wherever possible, and to whatever extent possible, consultation should take place with representative Members of the House and of the parties.

Naturally, in this and other matters, the chief responsibility necessarily lies with Government, which represents the major party. But it should be the business of Government and the leader of the major party in such cases to consult others too, in order as far as possible to arrive at a unanimous choice. It may be, of course, on occasions that there is no unanimity—that will be unfortunate,—and the decision will have to be by a majority. So, there is no doubt, in my opinion and my colleagues' opinion, about the desirability in such cases of previous consultation.

The other question arose—I heard it later—whether the proposal or the motion for this purpose should be made by me or by some hon. Members opposite. It was not a very major question. Both could have made it. What I would have liked personally, if it had struck me at the time, was that while the motion was to be made by me—and I wanted to make it, because I considered it a privilege to make such a motion proposing Sardar Hukam Singh as the Deputy-Speaker—I should have liked—and I would have invited them to do so, if I had thought of it at the time—some hon. Member in the Opposition to second that motion, while I proposed. But it did not strike me, and nobody mentioned it to me. And I put in this motion.

At the last moment, yesterday it was suggested to me that I should withdraw it, and that another motion might be put in, that is, a proposal by me seconded by an hon. Member opposite. I had no objection to that. But since this motion had already come in the Order Paper, I did not think it proper to suggest that I should take your permission to withdraw it, and go through this tortuous procedure.

But I do wish to make it clear that there is no question of any major difference of opinion about these matters. We are all agreed about the hon. Member who has been chosen as the Deputy-Speaker. I would have gladly welcomed the association of a Member from the opposite benches in the proposal made, but unfortunately, our friends opposite thought it best in these circumstances to keep away. I regret that.

Shri S. L. Saksena (Gorakhpur Distt. —North) : May I have a minute....

Mr. Speaker: It is not necessary, I think. It will lead to controversies.

I am now sure that with the affable manners which Sardar Hukam Singh will bring to bear upon the work that he has to do here, he will get the unanimous support of all Members who are here, and even of those Members who are not here. The House will absolutely

[Mr. Speaker]
fully co-operate with him. The election is unanimous. There is no other proposal here.

Therefore, I wish him a safe tenure of office here, and I am sure the House agrees with me.

STATEMENT ON FOREIGN AFFAIRS

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): Mr. Speaker, Sir, during the past few months, as the House is aware, we have had the pleasure and privilege of welcoming to India many eminent visitors from abroad. These visitors came from many lands, as messengers of goodwill from nations with widely differing cultures and systems of thought and organisation. To all of them we extended a warm and cordial welcome in that spirit of friendliness towards all, which distinguishes our foreign policy, as indeed it does the traditions of our country and our people. I had long and detailed conversations with all of them, both on the major problems of the world, in their many aspects, and on matters of mutual interest to the particular country concerned and ourselves. I should like to take this opportunity of saying how valuable have been these talks and how much I have profited by them. It was, of course, not to be expected that, as a result of these talks, there would be sudden changes in the foreign policy of our country or of any of the other countries concerned. Foreign policies are not made and changed in that way. All the same, these talks at a personal level, held in a frank and informal atmosphere, have enabled us, and I hope our visitors too, to appreciate better each other's point of view. They have helped us to obtain a better understanding of the minds of those who in their respective countries, are directly concerned with the formulation and direction of policy. Where we have been unable to agree, we have agreed to differ.

It is not possible for me to cover all the ground of these talks or to refer, in this statement, to the many problems that afflict the world and are a matter of concern to us. Perhaps, at a later stage, I might refer in this House to some of these international problems. For the present, I should like to mention some important matters which were recently discussed by us with our distinguished visitors.

Of these visitors, the three recent ones have been Mr. Selwyn Lloyd, Foreign Minister of the United Kingdom, Mr. Dulles, Secretary of State of the USA, and M. Pineau, Foreign Minister of France. We welcomed them as representatives of three leading countries in the world, and with each of them I discussed the international situation and also how best tension could be relaxed and peace, which is the objective of all countries, could best be promoted.

The occasion which brought these statesmen to this region of the world was the meeting of the SEATO Council in Karachi. To our great surprise, the Council at this meeting thought it fit, at the instance of one of its members, to discuss the question of Kashmir and include a declaration on this question in its final communique. In doing so, the Council confirmed our worst apprehensions about the organisation which it represent. The declared purpose of the South East Asia Treaty is to increase the defensive strength of the parties to the Treaty against aggression from outside and against internal subversion. How the question of Kashmir could come within the scope of the SEATO Council is not clear to us. Its reference to Kashmir could only mean that a military alliance is backing one country, namely, Pakistan, in its disputes with India. For any organisation to function in this way to the detriment of a country, which is friendly to the individual countries comprised in the organisation, would, at any time be considered an impropriety. In the present case, however, there is a further aspect. We have noted with regret that three other Commonwealth countries have associated themselves with the offending declaration. We have communicated our protest to all the countries concerned at the unusual procedure adopted by the Council.

I had talks with Mr. Dulles about the US military aid to Pakistan. I told him how this aid has been causing us serious concern. The atmosphere in Pakistan seems to be one of threats and menaces towards India. India continues to be the subject of bitter attack in sections of the Pakistan Press, and bellicose statements appear from time to time even from responsible leaders. More recently, there has been a recrudescence of border incidents which have, by their frequency and dispersion over a

wide area, assumed a special significance. Substance is thus lent to the growing belief in this country that whatever the object of the United States in giving military aid to Pakistan, in Pakistan itself the resulting acquisition of military strength has been generally welcomed not because it will increase Pakistan's defensive capacity against a potential aggressor, but because they hope thereby to be able to settle disputes with India from what is called a position of strength.

We in India wish Pakistan well. She has just declared herself a Republic, and we offer her our best wishes at the threshold of a new chapter in her history. We are sending one of our Ministers as a special envoy to Karachi to convey our felicitations in person. It is not our intention to enter upon any arms race with Pakistan or with any other country, even if we could afford such a competition. Our energies and our resources are completely absorbed and will continue to be absorbed for many years to come in our Five Year Plans, and none of us would wish to divert any part of our limited resources to further expenditure on arms, nevertheless, those responsible for the destiny of India have to take note of certain facts. I can only express our regret and disappointment that at a time when we in Asia should be bending our energies to the task of development, a new factor making for tension and instability should have been introduced by this arms aid. I have explained our views on this point clearly to Mr. Dulles and I hope he now has a better appreciation of our feelings.

Recent developments serve once again to focus attention on military pacts. These pacts, instead of dwindling in numbers, seems to be on the increase, and are being strengthened and enlarged, irrespective of previous commitments and declarations. This is the history of all pacts, more especially of the South East Asia Defence Treaty and the Baghdad Pact. The former came into existence at a time when, after many years of warfare, there was peace in South-East Asia. Tensions were relaxed and people looked forward to a return to normality. There was no possibility of aggression in the foreseeable future. Yet, at this moment of relief and the beginnings of hope, this Pact came into existence and resulted immediately in increasing tension. The more recent Baghdad Pact has already brought disruption, insecurity and discontent in Western Asia. Thus, the very objective for which these pacts were made is being defeated. It has been our firm conviction that these two treaties and similar military pacts and alliances do not add to the intrinsic defensive strength of the regions in the interest of which they are supposed to have been devised.

Talks on disarmament in the face of military pacts by either bloc and further preparations for war are inconsistent and a mockery of avowed purposes. There is always time to revise policies even if the Great Powers are involved in them, if the revision is in the common good and in the interests of peace. It is not by military alliances and the matching of strength with strength that tensions can be lowered and peace and stability re-established where conflict now prevails. We hold, and with each new experience are further confirmed in our conviction, that in the adherence to and the practice of the Five Principles, now widely known as the *Panch Shila* alone lies the promise of a new era of international peace and stability.

The coming of atomic energy and the dread weapons that it has let loose on the world, has made all previous thinking not only in regard to military matters but also other matters, out of date. Thinking people and the leaders of nations have, as a consequence, ruled out war. In this new situation, there is no logic in clinging to the idea of a cold war. We have stated repeatedly that nuclear weapons must be banned and that atomic energy must be used for the benefit of humanity and not be controlled by the Great Powers. If war is to be ruled out, then cold war becomes illogical and harmful. It can only keep up the atmosphere of hatred and fear, and the ever-present danger of being converted into a nuclear war.

I had discussions also on Goa with Mr. Secretary Dulles. As the House is aware, the joint statement issued by him and Mr. Cunha, the Foreign Minister of Portugal, some weeks ago, caused a deep feeling of resentment throughout India. We took this matter up immediately with the United States Government and explained to them how, in the context of the present situation in Goa, the association of the U.S. Secretary of State with a statement of that kind could only have one effect, that being to give encouragement to Portugal

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in pursuing a policy which represents the worst type of colonialism. I told the House then that we would place our correspondence on this subject with the U.S. Government on the Table of the House. I am doing so today [*See* Appendix V, annexure No. 26] and hon. Members will have an opportunity of seeing our notes and the reply of the United States.

12 NOON

Mr. Dulles, in his talks with me, assured me that, in subscribing to the joint statement, the U.S. was not supporting Portugal as against India. We do not, of course, doubt this statement, but the position nevertheless is that the joint communique is being interpreted, especially by Portuguese authorities, as if it supported their claims. We have made our position clear to the U.S. Government, and I want to repeat here that in no circumstance will we tolerate the continuance of the last remnants of Portuguese colonialism on Indian soil. We have been patient, and we shall continue to be patient, (*Shri V. G. Deshpande* : Why ?) but there will be no compromise on this issue. I still hope that friendly countries will impress on Portugal the unwisdom of following a policy of sixteenth century colonialism in the second half of the twentieth century.

With all the three Ministers I have had detailed discussions about the situation in Western Asia, All are agreed that this situation is an explosive one. I do not presume to give advice about any quick solution of this difficult problem. At the same time, I have no doubt in my mind that a solution can only emerge from a gradual relaxation of tension. Here again, the Baghdad Pact is partly responsible for a good deal of the present trouble which now plagues West Asia. It has rent asunder Arab unity and has thereby made the solution of a problem already difficult, still more difficult and complicated.

I discussed the situation in Indo-China with the three Foreign Ministers, particularly with the Foreign Minister of the United Kingdom, who is a co-Chairman of the Geneva Conference. When, in response to the invitation of the Geneva Powers, India accepted the Chairmanship of the three International Commissions in Indo-China, we did so in the hope that at long last peace would return permanently to this troubled region in South East Asia which is so close to us and with which we have so many old and historic ties. It appears now that the time schedule for elections as a preliminary to the unification of the two parts of Viet Nam, which was envisaged in the final declaration at Geneva, is unlikely to be fulfilled. We are compelled, therefore, to review the situation in so far as it concerns us. We have no intention of trying to escape from a position of responsibility, or to take a step which would hamper a peaceful settlement. We have, therefore, suggested to the two co-Chairmen that they should review the position and decide on the steps that should be taken to secure compliance with the Geneva Agreement. I have reason to hope that the two co-Chairmen will meet and discuss the present situation.

The discussions with the three Foreign Ministers also covered the present situation in East Asia, particularly in relation to the two coastal islands of Quemoy and Matsu as well as Taiwan. I explained to them once more how in our view the basic cause of the trouble in East Asia is the non-recognition of a patent fact. That fact is the emergence of a new China, unified as never before in its history, strong powerful and conscious of its rights and dignity. I do not think that, so long as the Chinese People's Republic is not admitted to the United Nations, the situation in East Asia will return to normal. In particular, I expressed the view that China will never feel secure so long as Quemoy and Matsu remain in the occupation of hostile forces. The essential first step would be the withdrawal of those forces from these islands so that they can become part of the mainland. The Taiwan issue will still remain but I believe that if the coastal islands were to return to China, the problem of Taiwan could be handled a little more easily.

In this context we have been watching with interest the course of the talks at Geneva between the Ambassadors of the United States of America and China. Both sides are broadly agreed that they should settle disputes between them through peaceful negotiation. The main difficulty now is that of applying this principle to the particular case of Taiwan. We hope that a satisfactory formula in regard to this also will be found, thereby paving the way for a discussion of other outstanding matters, including a meeting of the Foreign Ministers of the two countries.

I should like to refer in particular to the talk I had with M. Pineau about North Africa. We in India appreciate and welcome the steps taken by France to restore sovereignty to Morocco and Tunisia. The difficult problem of Algeria still remains. I was glad to find that M. Pineau takes a realistic view of the situation. The problem there is complicated by the existence of about one and a quarter million persons of European descent, who have been settled there for some generations. The House will not expect me to go into further details of these discussions. I hope that the problem of Algeria will also be solved to the mutual satisfaction of the French and the Algerian peoples.

Shortly before M. Pineau reached Delhi, we received from the French Government a draft of the treaty for the *de jure* transfer of sovereignty over the former French establishments in India. We do not foresee any difficulty about agreement on this draft and I hope that the *de jure* transfer of sovereignty will not be long delayed.

If peace is to be aimed at, disarmament is essential. As with every other difficult question, perhaps it is easier to proceed step by step. A sub-committee of the Disarmament Commission of the United Nations has been meeting in London and there is already a large measure of agreement on this subject. Unfortunately, however, the growing tensions in the world do not create an atmosphere in favour of disarmament and yet the urgency of disarmament grows in proportion to the invention and accumulation of weapons of ever-increasing destructive potential. We believe in the unconditional prohibition of the production, use and experimentation of nuclear and thermo-nuclear weapons and, as a step to that end, the suspension of experimental explosions and an armaments truce.

I should like to take this opportunity of drawing the attention of the House to a very important event in recent weeks. I refer to the Twentieth Congress of the Communist Party of the Soviet Union which met recently in Moscow. There can be no doubt that this Congress has adopted a new line and a new policy. This new line, both in political thinking and in practical policy, appears to be based upon a more realistic appreciation of the present world situation and represents a significant process of adaptation and adjustment. According to our principles, we do not interfere in the internal affairs of other countries, just as we do not welcome any interference of others in our country. But any important development in any country which appears to be a step towards the creation of condition favourable to the pursuit of a policy of peaceful co-existence, is important for us as well as others. It is for this reason that we feel that the decisions of the Twentieth Congress of the Soviet Union are likely to have far-reaching effects. I hope that this development will lead to a further relaxation of tension in the world.

I should like to make some brief reference to a speech delivered by the Prime Minister of Pakistan yesterday in his Parliament. Normally, I would wait for a fuller and a more authoritative version before commenting on the speech. But, as I am speaking here today, I think I should say something about it.

I have read the brief report of this speech with sorrow and surprise. Chaudhuri Mohammad Ali has spoken in anger and has made some statements which are manifestly incorrect. He says that India was carrying on a campaign of fear and hatred and had created an atmosphere of hatred against Pakistan. It is easy to compare the press of India with the press of Pakistan and the statements made by responsible persons in India with those made in Pakistan.

There have been for long the most virulent attacks in Pakistan on India and frequent appeals for jehad. Has any responsible person or newspaper in India talked of war or indeed talked of hatred? We have even now an unceasing flow of migrants from East Pakistan to India. That is a great burden on us and a matter for serious concern. We have naturally drawn attention to this and to the reasons which compel people to leave their hearths and homes and lands and seek refuge in another country.

Mr. Mohammad Ali has referred to the recent border incidents and has said that they had been created by India and that in every single instance, aggression had come from the Indian side. It is a little difficult for me to deal with statements which have little connection with truth. I can give long lists of these incidents and I can give the facts behind them, in so far as we know, and any impartial authority can

[Shri Jawaharlal Nehru]

judge. I shall only mention one well-known incident here because, in that case, an impartial authority did enquire and judge and give its decision. That was the Nekowal incident on the Jammu border. The United Nations Observers enquired into this and stated clearly where the fault lay. The then Prime Minister of Pakistan had assured as publicly that he would abide by the decision of the U. N. Observers and punish those who were guilty. We still await the carrying out of this assurance. We have written repeatedly with no effect.

Mr. Mohammad Ali has said that he wrote to me and made certain proposals and that he had received no reply from me. This is correct. But his message reached me night before last. We have had just one day to consider it. We hope to send an answer soon. In his message, Mr. Mohammad Ali has referred to a decision arrived at at a meeting of the Joint Steering Committee on the 11th and 12th March 1955 for the demarcation of the Indo-Pakistan border and apparently accuses India of delay in giving effect to this decision. This decision was further considered at a meeting of our Home Minister with the Pakistan Home Minister in May 1955 and they arrived at an agreement, referred to as the Pant-Mirza Agreement. The Pakistan Government took no action for the ratification of this agreement till the end of December 1955, and then suggested certain amendments to the agreement, which in effect, largely modified it. However, I welcome the Prime Minister's proposal for the demarcation of the Indo-Pakistan border and we are prepared to take this up immediately.

Mr. Mohammad Ali has suggested in his speech that India and Pakistan should declare that they would never go to war with each other. I welcome this proposal. Everyone knows that we have been suggesting a no-war declaration by both India and Pakistan for some years now. Our proposal, however, was not accepted by the Pakistan Government. I am glad that Mr. Mohammad Ali now looks with favour on this proposal and we shall gladly pursue this matter further.

There can be no greater folly than conflict between India and Pakistan. We have endeavoured to create friendly feelings between the two countries and I believe that, in spite of many unfortunate occurrences, there is today a large measure of friendship between the people of India and the people of Pakistan. It is not by military methods or threats of war or of talking to each other from the so-called positions of strength that we shall come nearer. In this world of the atom bomb, both India and Pakistan are weak. But we can develop strength in other ways, strenth in friendship, in co-operation and in raising the standards of our people. I offer, in all goodwill and earnestness, the *Panch Shila* to the Prime Minister of Pakistan and I have every faith that if we base our dealings with one another on those Five Principles, the nightmare of fear and suspicion will fade away.

MOTION FOR ADJOURNMENT

CLASH BETWEEN INDIAN AND PAKISTANI ARMY UNITS AT HUSSAINIWALA HEADWORKS

Mr. Speaker: In view of the statement of the hon. Prime Minister, I do not give my consent to the adjournment motion, to which I referred earlier.

LIFE INSURANCE CORPORATION BILL

Mr. Speaker: The House will now resume further discussion on the motion for reference of the Life Insurance Corporation Bill to a Select Committee. Out of 10 hours allotted for the pursions in the world do not create an atready been disposed of thus leaving 4 hours and 7 minutes.

Shri H. G. Vaishnav will continue his speech. But before Shri Vaishnav begins his speech, the hon. Prime Minister may lay on the Table the statement *re* : border incidents at Hussainiwala.

PAPER LAID ON THE TABLE

BRIEF RECITAL OF FACTS RE:BORDER INCIDENTS AT HUSSAINIWALA

Shri Jawarharlal Nehru: As I stated just a little while ago, I beg to lay on the Table of the House a brief recital of the facts connected with the recent border incidents at Hussainiwala because the House is interested in having a correct recital of the facts. I need not take the time of the House in reading it.

[*See* Appendix V, annexure No. 27.]

Mr. Speaker: That will be circulated and a copy will be sent to all hon. Members.

LIFE INSURANCE CORPORATION BILL

Shri H. G. Vaishnav (Ambad) : I was dealing with clause 10 of the Bill and I had shown in my yesterday's speech that whatever assurances are being given in respect of sub-clause (1) appear to have been taken away by sub-clause (2) of clause 10. That is why there is fear in the minds of the employees everywhere as expressed in the various representations that they have made to the authorities concerned. Besides that the provision as regards employees will apply only to those employees who are whole-timers working in the insurance companies. But apart from whole-timers, insurance companies engage various workers, agents, sub-agents and other persons who are not whole-timers who work on a remuneration basis or on a commission basis. But no provision appears to have been made in this Bill in regard to those persons who are part-time workers or who work on agency or commission basis. My submission is that the Select Committee should consider this aspect.

Now, I come to clause 4 regarding the formation of the corporation. Many hon. friends have expressed that clause 4 provides only for the formation of a Corporation consisting of fifteen members. It would have been better if some criteria could have been mentioned as regards this formation, the personnel of fifteen members. It is necessary that the interests especially of policy-holders as well as those of employees should be represented in the Corporation. As has been suggested by many hon. Members, I also think that there should be some proportion reserved for the representation of the interests of the policyholders as well as those of the employees. I think the Select Commitee will take this into consideration while discussing this clause.

Now, there is another clause—clause 34. I submit that it is rather a very arbitrary clause, and I think our Constitution does not provide for such a thing as is mentioned in clause 34. Clause 34 reads thus :

> "The Central Government, may by notification in the Official Gazette, direct that all or any of the provisions contained in the Insurance Act shall apply to the Corporation subject to such conditions or modifications as may be specified in the notification; but save as aforesaid nothing contained in that Act shall apply to the Corporation."

This provision says that application of the Insurance Act to the Corporation will wholly depend on the discretion of the Government. If the executive, through the notification, decides that some provisions of the Insurance Act or other statutory laws should be made applicable to the Corporation, then they would be applied. Otherwise, those provisions may not apply. What I submit is that this provision is against the Constitution. The Company Law and the Insurance Act are legislations which have been passed or have been enacted by this Parliament and it should not be left to the Corporation or the executive as to whether they should make the Insurance Act applicable to the Corporation or not. It would be out of order if such a provision is laid down in the Bill. I think the legality of clause 34 will be considered by the Select Committee.

I now come to the other clauses which give the rule-making powers in regard to the Corporation. They are clauses 9 (2), 38 (1) and 39 (1). It is provided in clause 38 (3) that all the rules framed under that clause, that is, clause 38 (1), will be laid before both Houses of Parliament.

But it is not provided in the Bill that the rules made under the other two clauses, clause 9 (2) and clause 39 (1) will be laid before both Houses of Parliament. I think this is not good, because clause 39(1) concerns the powers and functions of the Corporation, the method of recruitment of employees, etc. Similarly, the rules made under clause 9 (2) are not also to be placed before both Houses of Parliament, and those rules relate to the provisions as to composite insurers. I think there should be some provision whereby it could be seen that the rule-making powers may not be absolute, or, whereby it could be seen that the rule-making powers are not absolutely given to the Corporation. Whatever the rules that are framed, it is essential that they should be placed before both Houses of Parliament, and I hope the Select Committee would consider this aspect.

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I then come to the general working of the Corporation, as it has been apprehended by some of my friends here. There is only one Corporation which will deal with the whole insurance business on the life side, throughout the whole of India. I think this is a monopoly and that this monopoly will affect to a certain extent, the insurance business of the country. Business itself means that unless and until there is some competition the business will not progress. To improve business and to do business in the best way, some margin should be there for the private sector, to have competition with this Government Corporation, so that insurance business may increase and may improve in various ways through the competitive method. I think there is no provision to achieve this object. The whole life insurance business of this country is taken over by the Corporation and there is only one Corporation throughout the whole country. This one Corporation alone will be working for this business and I doubt whether one Corporation could control the business and how it could improve matters.

However, there are zonal systems and there are managers for the various areas appointed, but I think a business, and especially a business like that of insurance, will have to be spread more and more in the rural areas. This business in the rural areas especially was being done by the field workers of the companies, by their agents or some other workers, for propagating the cause of the particular company concerned. How will the services of such field workers be made available for the Corporation? After all, the Corporation has become a Government concern. The companies were able to get their agents, subagents, etc. who worked in the rural areas, though most of their work was limited to the cities. Now that this business is to be spread over to the villages and the rural areas, I doubt how far such business done by the field workers of companies will be available to the Corporation. If the field workers are not available, I think the persons sitting in the office of the Corporation or in the managers offices in the zonal establishments will not be able to move in the rural areas. Thus, I doubt whether this business could spread over to the rural areas of this country. So, some provision will have to be made for the appointment of agents, who may not be whole-timers but who may be appointed to work for the Corporation on a commission basis or on an agency basis. When such a provision is made, it can be expected that many workers will come forward from various fields and areas, and they may be able to propagate the cause of insurance and get good business for the Corporation and make it a progressive concern. So, such a provision will have to be made in this Bill, in order that it will be a progressive concern, and the real aims and objects of this Bill will then be achieved.

The main aim is to make small savings, and such savings could be made only after persuasive measures are adopted, and unless such persuasive measures are adopted, I think people will not be able to save as they are accustomed to do otherwise. If such a provision is made, the main purpose of this Bill will be achieved.

With all these apprehensions, I support the Bill, I think the Select Committee will take into consideration the views I have expressed and hope that after proper amendments a suitable measure will come before the House.

Shri N. C. Chatterjee (Hooghly): After the hon. Finance Minister made his broadcast speech on the 19th January last, I find that the businessmen in the insurance industry are making some candid statements which I heartily welcome. Mr. Shroff, who is the head of one of the biggest Insurance companies in India, delivered a speech in Bombay on the 8th February. He said :

> "I must also take this opportunity of reiterating what I have said several times before that the Life Assurance Industry as a whole cannot absolve itself completely from its own responsibility in acknowledging the inherent weakness of the Industry and of putting its house in order in good time."

I wish that the disinterested advice of men like Shri Shroff had been listened to and the industry had really put its own house in order.

At the same time there is some justification for the criticism made against the hon. Finance Minister, Shri Deshmukh, who is generally recognised as a person of very balanced views that he is trying to paint the entire insurance world as unscrupulous on the basis of malpractices perpetrated by some persons or by a few companies. It is not

fair either for the Government or for this Parliament to forget the achievements of the insurance industry in India. At the same time, this Parliament should not overlook one important fact. If the Finance Minister's picture is not overdrawn, then he is really attempting to shift the responsibility of the insurance controlling department to the industry itself and thereby he is to some extent clouding his own administrative incompetence. He has failed to make it clear that the volume of funds involved in malpractices was not so colossal and the Governmental machinery's control and inspection was also responsible for the unfortunate state of affairs and unless there was either abetment or connivance these malpractices would not possibly have taken place.

Certain figures have been supplied by very responsible persons and I would request the hon. Finance Minister to verify the same. As a dispassionate student or a person who takes no sides in this matter, I cannot but be impressed by the fact that the insurance business had a very satisfactory progress in India. In 1938 the total new life business underwritten in India was a little over Rs. 43 crores. In 1947, it rose to Rs. 114 crores. In 1954, it rose to Rs. 213 crores and though the final figures for 1955 are not yet available, it still registered a further increase in 1955. The total life business in force for 1938 was Rs. 218 crores, for 1947 Rs. 572 crores, for 1954 Rs. 1,025 crores and it is estimated—you cannot get the actuals—that at the end of 1955 it will reach Rs. 1,150 crores. These figures reflect credit on Indian business. One must remember that this achievement was made in spite of strong competition by foreign companies and our insurance business had to struggle against formidable competition. It is also a fact that about ninety per cent of the new life business is being handled by the Indian companies. 85 per cent of the total life business in force in India stands on the books of the Indian companies. Parliament should not overlook these facts in approaching this important problem.

Since nationalisation of life insurance was announced, there has been a good deal of uncertainty and confusion, both among the workers and the insuring public. Even today that uncertainty continues. As a matter of fact, I am told, in spite of what the Finance Minister has said, that there has been a check in the regular flow of new business. He has given some figures. I do not controvert them but it is fairly well-known that during the interim period after his broadcast this has been the result really of old proposals which were secured by the companies and their agents. Whatever new business has been underwritten during this period—as stated by him in the Parliament—really means the completion of pending business of the last year. I will be very happy to know how far it is correct but that is what I am assured by many competent people on this subject.

The first point I want to make is whether the establishment of a single monolithic corporation for the whole country will be really suitable for the expansion of insurance business which is the most predominant purpose of nationalisation. Insurance business is a very highly complex one since the insurance cover has to be adapted to different types of risks as well as to the individual needs for potential policyholders. Growth of insurance business depends very much upon the provision of the right type of cover for different kinds of risks, and the capacity to bring within the scope of insurance a wide variety of risks, which at previous periods were beyond the pale of insurance. For these purposes a highly flexible organisation with a good deal of initiative is needed.

In fact one of the most important arguments against nationalisation is that such an organisation would not be available if the State replaced a number of competing private firms or companies and creates a monopoly in its favour. I submit for the consideration of this House that the establishments of a single corporation would impair flexibility as also endanger competitive efficiency. In order to ensure the benefits of competition even under State ownership, the suggestion has been made by competent people who had been actually working in this field that instead of setting up one single agency to take over life insurance business throughout India, a number of corporations should be formed and sufficient autonomy should be given to each one of them so that in practice they would be able to compete with each other. It is only in this way that it would be possible to expand the business and—what is more important—to ensure that the cost to the policyholder is kept at the minimum. Otherwise, when you have got a gigantic

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State monopoly, all competition is weeded out and you never know whether you are really working satisfactorily.

The Bill provides that the corporation will have four zonal offices—one each at Bombay, Calcutta, Delhi and Madras. The Central Government may establish more but the Bill does not specify the place where the Central office of the corporation will be situated. It is only stated—so far as I can find—that the corporation will consist of a body of not more than fifteen persons including a Chairman to be appointed by the Central Government and they will all be called members of the corporation. There is another clause which says that they may entrust the general superintendence and direction of the affairs to an executive committee of not more than five members. There is also provision for a wholetime officer to be called the managing director.

The form of management prescribed for the corporation is somewhat similar to those obtaining in the case of other corporations established by the Government of India. For instance, take the State Bank of India which was set up to take over the former Imperial Bank of India. It has a board of directors consisting of a chairman, vice-Chairman, two managing directors and certain number of directors. But, it should be noted that there is no provision in the Bill—I am requesting the Minister to make it—that in the management of the corporation, there should be men who have been running the life insurance business for a number of years. They should be associated with it. There should be some specific provision made in this respect. I am suggesting for the consideration of the hon. Finance Minister that the talent and experience of these men should be utilised by the Corporation and the Bill itself should make provision that at least a certain number of members of the corporation and of the executive committee would be persons with experience in insurance business.

Now, with regard to zonal management, it is doubtful whether the establishment of only four zonal offices would serve the purpose of really having an expansion of life insurance business. If you really want to expand into the rural areas and make a mass appeal it would be advisable to set up more zonal offices at other centres.

There is one clause—clause 18 of the Bill—which provides :

> "In the discharge of its functions under this Act, the Corporation shall be guided by such directions in matters of policy involving public interest as the Central Government may give to it; and if any question arises whether a direction relates to a matter of policy involving public interest the decision of the Central Government thereon shall be final."

Sir, I am very unhappy with this clause. This clause gives what Mr. Justice Cardozo has condemned. The 'uncanalised' powers of the Central Government in its relation with the Corporation would continue the unfortunate trend, which has already been established, of progressive governmental control which impairs the autonomy of so-called independent corporations functioning in the public sector. Therefore, I am suggesting that the power of the Central Government to give direction should be restricted to a few matters, *e.g.*, the pattern of investment or the disposal of surplus. If you retain clause 18 in this form I am afraid the Parliament would condemn this proposed Corporation to the status of a mere wing of the bureaucracy of a mere Governmental department.

Now, there is another clause. Along with that you compare clause 6 (3) which says :

> "In the discharge of any of its functions the Corporation shall act so far as may be on business principles."

I do not know whether it will be merely treated as a platitude or whether it will be actually given effect to. But you know, Sir, the experience of various corporations set up under governmental auspices shows that although similar provision had been made in their cases they do not pay sufficient regard to business principles in the day-to-day discharge of their functions. The ideas on financial control by Parliament over nationalised undertakings have not yet crystallised in our country. You know, Sir, we had a very important discussion the other day in the symposium. Unfortunately, it is not effective. It often happens that the Ministry in their enthusiasm to exercise detailed vigilance over the affairs of such undertakings interfere too much with the day-to-day running of the corporations. Sir, in spite of

the Budget leakage and other things I have confidence in the Finance Minister. There is no leakage in the integrity of the people at the highest level. But the personnel of the various private limited companies in the public sector, such as the Sindry Fertilizer Factory, Indian Telephone Industries etc., is such that although in form these undertakings are autonomous units, in practice they are running more or less on the same lines as mere departmental undertakings. Business principles would dictate that the costs of production must be kept to the minimum consistent with the scale of operation. But we do not know how these principles would be achieved. Therefore I would like to have some indication in the statute itself that the Corporation will have the requisite degree of autonomy. Otherwise it will be difficult in practice to ensure that it is meant really to run on commercial lines.

Now I want to say a few words with regard to employees. Clause 10 (1) of the Bill provides that every whole-time employee of the existing insurers will continue to remain an employee of the Corporation. The remuneration and the terms and conditions of service will also remain the same until his employment in the Corporation is terminated or until his remuneration, terms and conditions are altered by the Corporation itself. But, if you look at clause 10 (2) I am afraid that has created a good deal of uneasiness. That provides that the Government may for the purpose of rationalising the pay scales of the employees or for the purpose of reducing the remuneration payable to them, alter the terms of service of these employees. There has been a good deal of criticism made and I am afraid there is some justification because, you know, that may hit thousands of workers who have put in efficient and hard work for years in building up the respective companies.

The one main argument for nationalisation has been that a large number of canvassers and agents were employed in the business with the result that the cost of insurance to the policyholder was put up to a large extent. It is stated that with nationalisation this vast army of canvassers and agents would be reduced and the benefit of economy would be made available to the policyholders. Now, I take it that the Bill is intended to enable the Government to make retrenchment. At the same time it may affect and have a very deleterious effect on the entire business as a whole. There is a vast unexplored field or life insurance in this country and it has got to be exploited by the newly set up Corporation. Therefore we should see that the trained canvassers, agents and field workers who have been working for years are not thrown out and their services should be utilised.

I am told—the hon. Minister will know better—that some people have been given notices of termination of service because they could not keep up their quota during the interim period. That is not fair because that may be due to lack of certainty and complete confusion caused by the sudden announcement of the policy of nationalisation. The inherent difficulties in organising insurance business in one of the poor and undeveloped countries of the world have got to be realised and we should try to help these poor people and not penalise them because they have not been able, during this difficult period when you are passing through a crisis, to complete their quota.

I have been reading the experience of some of the countries and I honestly feel that if the hon. Minister had accepted the suggestion of having partial monopoly allowing nationalisation along with private sector to flourish side by side then it would have been better, and possibly it would have done greater service to the country.

Shri S. S. More: (Sholapur): What is partial monopoly?

Shri N. C. Chatterjee: If you read the history of France you will know. The British Labour Party was considering it; that is weeding out the inefficient and unscrupulous and nationalising them and allowing good companies to function. Those who have done good work and have a fairly good record to their credit should be allowed to function. The British Labour Party consulted some of the biggest men in British insurance and they submitted a report to the Labour Party Conference. There they said :

> "These considerations lead us to believe that nationalisation would convert a thriving organisation, which is the greatest single factor in national thrift amongst the masses in this country into a bureaucratic institution, bereft of the stimulating effects of competition amongst companies and agents alike; an institution which would

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rapidly deteriorate and diminish, becoming first unprofitable to the policyholders, and later, even a burden on the taxpayer."

I am quite sure the Finance Minister does not want that. But we cannot possibly legislate on the basis of the capacity of the present incumbents of high offices. We must at the same time see that our Corporation does not degenerate into a mere bureaucratic institution.

I wish we could ensure there will be the stimulating effect of competition. Otherwise it may be ultimately not profitable to the policyholders and it may be a burden on the tax-payer because, after all the State is guaranteeing every single policy and, therefore, they will have to be paid in any event.

I have to say a few words with regard to compensation. That is a very important point. I am not quite satisfied with the very lucid explanation given by the hon. the Finance Minister. It seems that according to the scheme given in the First Schedule—it is rather complicated, but I have tried to follow it—the principles for determining compensation have been prescribed. In respect of the first class, compensation payable will be determined with reference to the share of surplus allocated to the shareholder. Two methods have been provided and whichever is more advantageous to the insurer will prevail.

According to the first method the compensation will be equal to twenty times the annual average of the share of the surplus allocated to the shareholders. But the explanation says that it must not be more than 5 per cent and not less than 3 per cent of the surplus, which have been allocated to the shareholders at the two last actuarial investigations.

The second method provides for multiplying the annual average—that is the principle—of the share of the surplus allocated to the shareholders up to ten. Added to it will be the paid-up capital of the business less capitalized expenditure.

Now, in the case of one of the biggest companies—Oriental—it has been worked out. In the year of valuation, that is, 1951, the surplus was Rs. 357·89 lakhs. The fund allocated to share-holders was Rs. 15·75 lakhs. The annual average of share of surplus was Rs. 5:25 lakhs. In the 1954 valuation the surplus was Rs. 623·32 lakhs. The allocation to shareholders was Rs. 21·57 lakhs. In that year the average of share of surplus allocated to shareholders was Rs. 7·19 lakhs. So, if you total the 1951 average of Rs. 5·25 lakhs and the 1954 average of Rs. 7·19 lakhs, the total will be Rs. 12·44 lakhs and the average on the basis of which compensation would be paid, would be Rs. 6·22 lakhs. So, according to the first method the compensation will be 20 times of Rs. 6·22 lakhs, that is, Rs. 124:4 lakhs. But the paid-up capital continues to be constant, namely, Rs. 6 lakhs. According to the second method, the compensation will be 10 times of Rs. 6·22 lakhs, that is, Rs. 62·2 lakhs plus paid-up capital of Rs. 6 lakhs, that is, Rs. 68·2 lakhs.

So I am pointing out that what the hon. the Finance Minister is doing is not fair and I am asking him and the Select Committee to consider whether it is fair to have the upper limit of 5 per cent for determining the multiplicant and whether the provision that the share of surplus will be calculated by taking into account the annual average of the surplus at the last two valuations should not be changed. I am submitting that is not fair because, as you know, the maximum of 7½ per cent for the shareholders is itself low as compared to other countries. It was first of all 10 per cent so far as I remember. In 1950 it was reduced to 7½ per cent. Therefore, the provision in the Bill that for purposes of calculating the compensation payable to the insurance company only 5 per cent of the share of the surplus will be taken into account is not either in consonance with the Insurance Act or with the practice in other countries. It may, in effect, penalise people who have been conducting business in a prudent and cautious manner. I submit, therefore, that this is not fair.

Also, it is not fair that you should make it on the basis of the date of the valuation earlier than the 1st of January 1955. There are two reasons for my saying so. The period from 1945-51 was an abnormal period on account of the partition of the country and also because of the changes in the economic and monetary policy of the Government of India. Secondly, it is only in the last two years or so that the insurance business has recovered from the disruptions which were caused in the immediate post-war period.

I have not the time to go into all the figures but I only want to tell you that in 1950 the increase of new life business was 2 per cent. In 1953 it was 6 per cent. In 1954 it jumped up to 54 per cent. Therefore, if you take the figures, in 1954 the business has increased by 54 per cent as compared to only 6 per cent in 1953. The method of compensation which takes into account the valuation of dates much earlier, say in 1951, would therefore, be underestimating the earning capacity of the existing assets of the life business which have been built up in the last two years or so.

I have got some other points. I would submit that the valuation of the assets of the life insurance companies should be made on the 31st December 1955 and then the amount of compensation should be determined as provided in Part A of the First Schedule with the exception that the share of surplus allotted to the shareholders should be taken to be equal to 7½ per cent of the surplus as disclosed by such valuation. I submit that such a procedure would have the advantage of covering profits or ing the accruing to the shareholders during the period since the last valuation and will also take account of the present market value of the assets of the insurance business.

I have some other points. But I do not think I will be justified in taking more time of the House. But I would request the hon. the Finance Minister to consider whether something should not be put down in this Bill so that the representatives of the policyholders may have a voice in the Corporation, at least in some advisory capacity.

I also want that provision should be made for annual reports and accounts and balance sheets being placed before this House. The Insurance Act had certain safeguards. Those safeguards should not be given up simply because we are nationalising. I am also suggesting that compensation should be fair and equitable.

I doubt whether in some cases we would not be encroaching upon the provisions of the Constitution.

For the purpose of working out the average surplus allocated to the shareholders you would take into account the 1951 figure. That would not be fair. The insurance business is just now showing all round improvement. I ask the hon. the Finance Minister to take that into account. I request the Select Committee also to consider these points so as to put this industry on a perfect commercial footing so that it may not be a burden on the tax-payer but will retain flexibility and efficiency and a certain amount of competition.

Shri A. K. Gopalan (Cannanore): The nationalisation of insurance is a step in the right direction and so this is a welcome measure. The shareholders or the management do not bear any risk. In other industries they bear the risk; but in this industry they do not. So it is different from the other industries. So it is only in the fitness of things that such an industry should be put under public ownership.

Mr. Speaker: The debate will go on till 4 o'clock. I propose to call in the Finance Minister at 3-15 p.m. so that it may be concluded by 4 p.m. Hon. Members may take note of this.

Shri A. K. Gopalan: The capital of the insurance company is unlike the capital of other joint stock companies. There the risk of the fixed capital or the working capital is borne by the shareholder.

1 P.M.

But here the shareholder has no risk and even if it is said that there is risk, there is only very little risk at the initial stages. Even the excess premium paid by the policy-holders, which yield profits for the company, evaporates. 75 companies declared no bonus. Rs. 6 lakhs share capital of Oriental directly controls Rs. 72 crores of life fund. If one invests Rs. 50 lakhs in Oriental shares, he can control Rs. 72 crores of life fund. Rs. 22 lakhs of National Insurance controls Rs. 377 crores of life fund. By an investment of Rs. 1,46,00,000 in the share capital of the National Life Insurance Company one can control Rs. 377 crores of life fund. They buy at inflated prices to get control of these funds for investment in the industries. They might get 6 per cent, or 10 per cent or 20 per cent in the other industries, but the main object is that they want to control because of the benefit of the fund.

Sir, is the private sector benefiting the country by this? I would say 'no', because in the national interest some industry may be more important. It is the management that invests the money and for the sake of getting more dividend

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they may not be interested in certain industries, which may be important from the national point of view, and would like to invest the money in industries which are directly owned by them.

While I welcome the Government decision that it will lay down the principles for investment even in the private sector, I think there are several proposals of Government and several measures proposed in this Bill that are obnoxious. I wish to point this out, so that the Select Committee may go into them. The four points which require the attention of the Select Committee are: the decision of the Government that the existing investment in the private sector proportionate to investment in the private sector will be kept intact; leaving the responsibility for investments to the Life Insurance Corporation; the scheme of a very high rate of compensation; the decision to reduce the policy value where the assets of the company fall short of the liabilities.

Why is it that the Government nationalised the insurance industry? It is because they wanted to augment the resources for development purposes and to mobilise savings by the expansion of insurance. Now which are the industries by the development of which we can overcome our economic backwardness? It is heavy industries. The heavy industries are mainly in the public sector. The programme for the development of many of them are curtailed in the Plan. They are curtailed because there is no money. Why is it then that an assurance is given that the present proportion will be kept intact? Government must take the entire amount in the investment pool and when the private sector should get some money, you give it preferably in the form of share capital. That is our suggestion.

We suggest this because, we have already curtailed the resources of the heavy industries, and we are particular that this money must be spent on them. So, it must be the responsibility of the Government, and when they find that the private sector requires some help it must be given preferably in the form of share capital.

We have been suggesting to Government that they should create an investment pool. There was a recommendation for setting up of an investment pool in 1946. We said that Government should take the surplus of the reserves of the joint stock companies in a pool, guarantee a fixed reasonable rate of interest to the owners and then invest the money in the most desirable channels according to the priority programme so that any share of the depositors will have a prior claim from the national standpoint. Similarly in regard to insurance we say: let the entire fund be taken by the Central Government—by the Development Wing, in liaison with the Planning Commission—so that Government will be able to see how best they could use that money in the national interest.

Giving to the Corporation, the power of investment also means nothing but this—taking the men from the four known groups, Tatas, Birlas, J. K. Group and Dalmias.

[MR. DEPUTY-SPEAKER *in the Chair*]

The whole of this money will be placed in their hands. The position will be that instead of 200 men in whose hands the money at present is, there will be 25 men representing the same groups who will utilise their position and spend the money to invest it in the industries in which they would be interested. We are totally opposed to this. Government might perhaps say that they will formulate an investment policy within the four corners of which investment will be made by the corporation. But this is only a poor consolation, because we know that they will not be able to use the money for industries in the national interest.

The Corporation must not be given any power of investment: only some funds to meet the claims according to the acturial calculations for carrying on the day-to-day work and also the business of the corporation, making payment to its employees and such other contingencies, should be at their disposal. Only the money that is necessary for these purposes must be kept at their disposal.

We have genuine apprehensions that some people with some antiquated ideas will be put in the Corporation. We say this because in the debate on the Life Insurance (Emergency) Bill, the Minister gave us to understand that a gentleman, a Superintendent of Insurance, wrote an article in the official publication (*Insurance Year Book of* 1955) in which he vehemently opposed nationalisation. It was said that now he is in favour of nationalisation. He also

wrote an article one month before nationalisation and in that article he talked about the threat of nationalisation. Immediately after one month if the Minister thinks that he has turned to be an enthusiastic supporter of nationalisation, then it is very difficult for us to understand his sincerity. If the whole responsibility of running this industry is put in the hands of a man who only a month back had pronounced that nationalisation was bad. We do not think that the industry will prosper. The same person has now been appointed as the Custodian of not only the biggest Indian company, the Oriental, but also of the foreign companies of Bombay, including the great Sun Life. When a man is in principle against the very idea of nationalisation, we do not know how he can fulfil the State's programme. Can he put a new life and create a new spirit into the enterprise? We think he certainly cannot.

Then there is another gentleman who is now the Custodian of the Hindustan Co-operative Insurance Society, He also a few days before nationalisation, wrote an article and he is connected with the liquidated Light of Asia Insurance Company. That man is entrusted with the responsibility of expanding insurance business. The present Controller of Insurance has displayed a signal failure and incompetence in supervising the work of insurance companies. It has been admitted implicitly by the Finance Minister also. He left the misbehaving companies with what is called theoretical 'beating of the pillow'. Will you appoint such a man in the Corporation? I suggest that the names must be endorsed by the Parliament, because if such people who are against nationalisation, and who have said so openly, are appointed, I am sure that this industry will never develop and they will always be trying to see that Government is not able to manage this.

Next, I have to speak about compensation. In my opinion the compensation that is proposed is very high. The Bill proposes twenty times the annual average of surplus allocated to shareholders as disclosed in the two acturial valuations prior to January 1955, or ten times the annual average of surplus plus the paid-up capital, whichever is higher. And it has also been said that the insurance companies might say which formula they would prefer. I have already said that the share capital plays only a very insignificant role in insurance business. It might have played some role, and a little role, and that too, I say, in the initial stages of the business. It is the money of one set of policyholders that goes into the hands of another set of policyholders. And how did they spend this money? 25 per cent of the total premium income, minus the agents' commission and the expenditure on clerical staff and other things, they are taking in order to feed themselves, their dummies and others. Not only that. They invest the huge life funds in their own concerns and reap profits on them. I do not say that all the insurance companies did it. But it is an admitted fact that with the five per cent limit, under the insurance Act, the insurance magnates have the controlling share in the insurance business, and so the major portion of the compensation will be swallowed by them. That is the reason why I say that the role of share capital, whatever it may be, it must be remembered, is different from that of other industries. It plays only a very insignificant role. According to the scheme, Oriental, Industrial Prudential, Lakshmi, Bombay Life, Bharat Life, Empire of India, Hindusthan Co-operative, National India, United India, Western India, and among the composite companies New India, General Assurance and National Insurance and Andhra will get twenty times the average surplus. It has been calculated on this basis that since the shareholders' portion of the average annual surplus was a little over Rs. 6 lakhs, twenty times the average works out to Rs. 120 lakhs in the case of Oriental alone. Oriental, at the end of 1951 and 1954, distributed 4½ per cent and 3½ per cent respectively of the annual surplus. It means that each share of Rs. 200 will get a compensation of Rs. 4,000. It should be noted that the Oriental share was being quoted in Bombay market at Rs. 3,960 after the promulgation of the Ordinance. It had been calculated by some actuaries that the Empire of India share, having a face value of Rs. 100, was quoted in the market on the 24th December at Rs. 600. And the compensation today under the Schedule will work out to Rs. 1,200. Industrial and Prudential shares, having a face value of Rs. 10 were quoted in the market at Rs. 47 in December 1955. They will now under this provision fetch Rs. 80. That means the Government is paying much more than the market value of the shares in the case of some big companies. So we say that the compensation is very high.

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And let me also say why the compensation is so high. The journal *Commerce* that was against nationalisation said that the proposed rate of compensation is reasonable. Why did the *Commerce* say that the proposed rate of compensation is reasonable when it was against nationalisation? We say it is because the compensation was far higher than we thought it should be Ordinarily it did not compliment any proposal as reasonable.

At the time of the discussion also, when there was the nationalisation of the Imperial Bank, we were told by the Government that it was an exceptional case and when next the nationalisation of any other industry came the Government would not do it. Now comes the nationalisation of insurance. Here also the compensation paid is more than the market value, and I do not know where we shall land ourselves if the compensation that is paid even after the nationalisation of the Imeperial Bank is more than the market value.

Then I want to emphasise another point. That is about the annual average of the surplus and the basis for compensation. What is the annual surplus? How does it arise? Firstly, it arises from the excess loading of premiums, what is called profit premium, and reduced mortality rate. Both these depend upon the society, the State and also the policyholder. So, for the profit loading the policyholder is responsible. And mortality rate depends upon the society and the State where the health of the people may be better. I do not know how credit for it can be taken by the insurance company and how the annual average of surplus can be made the basis, because they have nothing to do with it.

Then the next point, and the most important thing in the whole business, is the treatment meted out to foreign insurance companies. After the Ordinance was published a powerful delegation of foreign insurance companies came containing representatives of Sun Life, Prudential, Norwich, Gresham and other companies. It is quite evident that the provisions in the Bill relating to foreign companies have been discussed with that delegation and an understanding arrived at. They were happy with the compensation provided for, and on the day this Ordinance was promulgated they left this country. In clause 27 of the Bill the foreign companies are allowed certain assets on the ground that the insurers brought them into this country for the purpose of building up this industry. I understand that this amount is to be computed at Rs. 40 for every thousand rupees insured by these companies. This is a most atrocious provision. Because, the average annual provision for a thousand rupees insured by these foreign companies comes to Rs. 35. We know that the first year's premium had been spent by them for the building up of this industry. Everybody knows that as far as insurance is concerned it is the first year's premium that is spent for this purpose. It is also known that the life insurance companies built their entire business by spending this first year's premium. If that is the case we do not know why so much compensation is to be paid to them. In fact the question of paying compensation to these foreign companies does not arise, because they are registered outside India and none of the shares is held in India. And Government also does not back them, that is these shares. Not only that. Under section 27 of the Insurance Act of 1938, foreign insurance companies are required to hold in India assets fairly equivalent to their liabilities in India. That is according to the Insurance Act, 1938. Now, under this Bill Government only proposes to take over these assets and liabilities. So the question of compensation does not arise, for there is no question of taking over any investment. That is another reason why I say that as far as foreign companies are concerned no question of compensation arises.

Another important question is that under clause 14 (2) of the Bill they have been conferred the right that over the question of compensation they could go to a tribunal if they do not choose to accept the compensation offered. In this House we had passed an amendment to the Constitution, and that says that the question of compensation shall not be justiciable. But they have given the right to go to a tribunal, that means a court, where they can question the amount of compensation offered. So it goes against the Constitution amendment itself where it is said that it is not justiciable. If it is not justiciable as for as other cases are concerned, I do not know how it is made justiciable in this case.

The next point I want to touch is about policy values. Government propose to reduce the policy values if the assets of the company of which the policies were contracted do not equal the liabilities. This is punishing the policyholders. The task of the Government was to see that the life funds and trust funds are not misappropriated. Government failed in that respect, why should the poor policyholders suffer for this and why should the value be cut? The management either bungled or misappropriated. Let those people be hauled up. Let the deficits in the assets be made up from their properties. Even if that cannot be done, let the shareholders forego a part or the whole of the compensation. But the policy values must not be reduced. The policy values being reduced means that the policyholders are being punished for no mistake of theirs.

General insurance has not been nationalised. This point has been mentioned by so many hon. Members. We say, certainly this also must be nationalised. There are two reasons. We want money. Nationalising general insurance is a way by which we will be able to get more money. Unless you take it over, the non-life department of some composite companies will find it difficult to function. They will have to wind up, thereby making way for further concentration. These are the reasons why we say that there must also be nationalisation of general insurance.

As far as the misapplication of funds, mismanagement and extravagance of some companies are concerned, in cases of suspicion, we propose that the accounts of at least the past three years should be examined, and serious action must be taken against those found guilty. Some proposals have been put forward with regard to the control and management of business. We say that the representatives of the All-India Insurance Employees' Association, both the staff as well as field workers should certainly be associated. It is their enthusiasm that counts more. It is they who are responsible for whatever development there is in the industry. It is they who can find out the loopholes. They must also be associated.

Coming to the future structure, it is said that there will be four zones. Our proposal is that there must be more zones and the number of zones must be increased. As far as the Travancore-Cochin and Mysore States are concerned, it is said that the State insurance also will be incorporated in this. My proposal is that there must be competition. All these States must be made separate zones. There should be as many zones as there are States, so that there may be competition. I consider that 75 per cent of the premium must be allowed to be spent for the development of that State. More people from the States will insure and the State also will have some interest.

I wish to put forward a few points with regard to the employees. It has already been said that there should be no retrenchment. It has come to my notice that even after the promulgation of the Ordinance, in Nagpur, the Andhra Insurance company and some other companies have given notice of retrenchment and some people have been sent away. All these people must be taken back. Yesterday, the Finance Minister also said that there is a kind of anarchy in respect of salary and conditions of service of the employees. This must be done away with and standardised progressive conditions of service should be introduced on the basis of the demands that had been given by the employees' Association. In the transitional period, there have been some agreements between the employees and the companies. In some cases, talks are going on. All these agreements that are there must be implemented. I say this because, there is a report that the Custodians are refusing to finalise the agreements entered into and that some of the Custodians do not want to continue the talks that were going on, and some do not want to accept the agreements. This fact must be taken into consideration. All the agreements arrived at between the employees and the management should be honoured without putting any legal or technical difficulties. In the transitional period, the Government should give increments to the employees of these concerns where there are no fixed scales. In some other concerns, the employees get increments in a certain month. Government must see that these increments are given. Whatever benefits the employees were getting in the shape of valuation bonus, etc., they should be continued.

In the nationalised industry, when the question of personnel comes up, the existing employees should be given preference. During the last 10 years, it

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had been said, that there had been huge work in the insurance companies. Even now, therefore, there is work load. The persons who are there now are not able to do the work. This question must be gone into. If more persons are needed on account of increased work, more men should be appointed. When new appointments are made, those persons who had been retrenched and sent back during the last 5 years should get preference. The staff employed by the private actuaries should also be absorbed by the Government. I say this because there is some staff with the Chief Agents and they fear whether they would be absorbed or not. These people should also be absorbed. The Industrial Disputes Act and the other Acts should also be made applicable to these employees. There should be recognition of the All-India Insurance Employees' Association and there should be bi-partite conferences of representatives of the employees and the Government. By mutual discussion, they should decide wherever there are any disputes, whatever has happened after the Ordinance or before. The employees should have all the benefits of the Trade Union Act.

I want to sound a note of warning against the bureaucratic methods that would be coming. These are the biggest obstacles in the business. I have already pointed out that those who are Custodians today are not at all interested in and are against nationalisation. If they are to be at the head of the institutions, the industry cannot be developed. Take the workers into confidence. You should get their advice in order to develop the industry and get more money. You should fight against bureaucratic methods.

I have already referred to the zonal system. As far as Travancore-Cochin and Mysore are concerned, I again remind the hon. Minister that because it is insurance business, there must be competition. If there is some competition and if there is some interest for the State, then only, there will be more business. In this respect, if 75 per cent of the premium income can be spent by the State, in order to help the State, the people in the State will insure themselves and the State also will have an interest and the industry will be developed. I request the Select Committee to take all these points into consideration, without forgetting the employees. It has been admitted by the Finance Minister that in some companies there are not even scales of pay and that the working conditions are bad. If the workers are taken into confidence, the industry will develop and the purpose for which Government wanted to nationalise the industry, that is, to augment the resources for the development of the country, will be fulfilled. We welcome this measure and we hope that it will be enforced in such a way that it will be more useful for the development of the country under the next Five Year Plan.

Shri G. H. Deshpande (Nasik Central): I rise to support the Bill before us. I support it wholeheartedly. It is a step in the right direction. It has been very well received throughout the country. I am receiving a number of letters from my constituency in which people have expressed their deep satisfaction at the measure that has been brought before the House. I am very glad to place here before the House the contents of a letter sent to me by two of my friends who started an insurance company 20 years before in Nasik, and who have worked for the last 20 years for its development. They have wholeheartedly supported this nationalisation. There are many friends who are working in this field who have supported it. Nobody has opposed it. But, we in this House have seen that a few representatives of big business have rendered their half-hearted support. They have expressed suspicions whether this measure will work successfully. I have no doubt that the measure that we have before this House will give complete satisfaction and that there will be more and more business attracted. There is no doubt about this.

Much was said about the way in which generally this business was carried on in a satisfactory manner by some business people. Here I read out with your permission a few lines in which one field worker in this field who has been working for the last 30 years has said :

> "Thus, these companies were more or less jagirs of about 150 persons. All sorts of corruption, nepotism, etc., were there. We were working under these jagirs. Life of a field worker was worst and so many of these Agents, Inspectors, Branch Managers, etc., would hover round a single client and all sorts of dirty tricks were adopted to secure business and bidding was resorted to. Thus, a lot of useful energy was dissipated. Above all, these capitalists use their influence

for all kinds of anti-national activities and thus were a sort of hurdles in the smooth running of a young democracy. Now these accumulated savings of a poor nation will be utilised properly for national reconstruction, to eliminate poverty, unemployment and disease."

This is how generally this business was going on. Middlemen were exploiting the field workers and the competition was not a fair competition. In the rural areas no work was done. I have no doubt that under the new circumstances the expansion of the business will be more and more in the rural areas We are now embarking on the Second Five Year Plan and we will have better mobilisation of our national savings for a national purpose. So, on the whole, this Bill will serve a better purpose and those who have expressed suspicion have done so because they do not visualise the future. This House has several times adopted the socialist pattern of society, and this is a step in furtherance of it.

No doubt we have to take into account the experience of other nations about matters like this, but we can have our own policies, and I have no doubt that we will succeed.

Shri Mulchand Dube (Farrukhabad Distt.—North) : I rise to support the Bill whole-heartedly. Some doubts have been expressed by hon. Members as to whether it was at all advisable to nationalise this industry. They have said that a certain number of insurers have maintained standards and there was no reason to nationalise the whole industry, that those insurers who had behaved well and had maintained standards should have been allowed to continue if for nothing else, at least for the sake of some competition. In regard to this my submission is that insurance business is one which does not ordinarily fail and which need not have gone into liquidation at all, but we find from the figures that 25 companies have gone into liquidation during the last 10 years and another 25 are in a bad way. This is out of a total of 111 companies that do life business. In this state of affairs, it was not possible to leave out some and nationalise only the rest. My submission, therefore, is that the measure that is before the House is the proper measure because it safeguards the interests of the policyholders whose number runs into lakhs, and I think the poor people who have invested their savings by taking out a policy have to be protected against those who did not behave well in respect of the charge that they had undertaken.

But there are one or two points which I do not quite understand. The first point is about the compensation and the manner in which it will be calculated. The Schedule attached to the Bill is couched in involved language and is of a highly technical character. In spite of the lucid exposition of the hon. Finance Minister I have not quite been able to understand it. I find from the figures that are published in the *Insurance Year Book* that only 11 companies have declared dividends and the dividends vary from 87½ per cent to 1 per cent, and the rest, that is 100 companies who do life business have not declared any dividends at all. I do not quite understand how the compensation is to be allocated as between those that have declared dividends and those that have not declared any dividends at all. In the case of Oriental for instance which has declared a dividend of 87½ per cent, I suppose it will be scaled down to 5 and the shareholders will get 20 times according to that as compensation.

Shri Mohiuddin (Hyderabad City): It is 7½ per cent.

Shri Mulchand Dube: It was 7½ per cent, and has been reduced to 5. There are others who have declared a dividend of one per cent only. What will happen in this case? Are we going to follow the same principle that was followed in the case of zamindari abolition? There the poor people were paid at a higher rate while those with large holdings were paid less. The payment was in inverse proportion to the holdings of the particular persons, that is the higher the holding the lesser the compensation, the smaller the holding the greater the compensation. I wonder if the same principle is going to be followed in the allocation of compensation in nationalising this industry. I expect the Finance Minister to clear this point.

There is another aspect of the question which I have not been quite able to understand. One of the clauses in the Bill clearly lays down that the contracts entered into by the companies will be honoured except those that are *mala fide*. In regard to this point also, my submission is that every company has entered into a contract with the agents

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that is the field workers. The contract is said to be in writing. The question is whether these contracts will also be honoured, or whether they will be scaled down or modified according to the sweet will of the Corporation. For instance, if an agent under a contract with the company is entitled to 30 per cent or 25 per cent, will it be scaled down to 20, and if so, what happens to the clause that lays down that the contracts entered into by the companies will be honoured? My submission is, it will not be possible for the Corporation to alter the contracts that the company has entered into with the agents or field workers.

There is also another difficulty which is likely to provide a major headache to the Corporation, that is, the rationalisation of the scales of pay of the various empioyees of the different companies. Their number is numerous and the rates of payment do also vary from one company to another. A person doing the same kind of work may be getting Rs. 50 a month in one company and another may be getting Rs. 200 in another. In that case how will these questions be solved by the Corporation? That is another difficulty that seems to crop up in this matter of rationalisation. My hon. friend Shri Altekar has suggested a method, appointment of a Pay Commission. I do not know whether that Pay Commission is likely to succeed and reach a satisfactory solution for the difficult problem that is likely to crop up in this matter of rationalisation.

This is all I wish to submit, and I hope the hon. Finance Minister will clarify the position when he speaks on these points.

Shri Mohiuddin: Nationalisation of life insurance is a great step forward, and I congratulate the Government on taking this bold step. It is a well-known fact, and a daily experience that insurance companies, like banks, deal with a large number of people. They are not like the Sindri factory or the shipbuilding yard. In the insurance business at present there is a dealing with nearly 45 lakhs of policyholders whose names stand on the books today. I hope, that in course of time this number will go up to crores. When this organisation has to deal with a large number of persons who might have insured their lives for Rs. 2,000, Rs. 3,000 or Rs. 4,000 and so on,—and I hope very shortly we shall have a large number of people who will insure for small amounts—the difficulties are bound to increase.

My hon. friend Shri Asoka Mehta had mentioned so many solutions yesterday, on the organisational side, and I hope the Select Committee will take into account all the suggestions that have been made with a view to increasing the efficiency, and to make the organisation more effective.

The Bill proposes a central organisation with zonal and divisional offices. The Railway Minister is also here, and perhaps he has given his own views at other places that the zonal system of railways has miserably failed and that is why the railways had to adopt....

Shri B. S. Murthy (Eluru): It has failed, but not miserably.

Shri Mohiuddin: I think I might use a stronger expression.

Shri B. D. Pande (Almora Distt.—North-East) : It is working.

Mr. Deputy-Speaker: Let not these differences of opinion be resolved just now.

Shri Mohiuddin: The hon. Member says it is working. Indeed, it is working but it has been reformed to this extent namely that there is divisionalisation today, and large powers have been delegated as far as the public and the business interests are concerned, to the divisional officers. They are not concentrated in the zones.

Dr. Suresh Chandra (Aurangabad): How has it failed?

Shri Mohiuddin: The zonal system has failed, for after four years, the Railway Ministry had to introduce the system of divisionalisation by which the powers that were exercised by the zonal general managers are now exercised by the divisional superintendents.

Shri B. D. Pande: That is because the work has increased to that extent.

Mr. Deputy-Speaker: I would request hon. Members to allow the speaker to proceed as he likes. The Railway Minister is here, and if he feels that there is something that he should answer to, perhaps he will take note of that.

The Minister of Railways and transport (Shri L. B. Shastri) : I should merely like to say....

Mr. Deputy-Speaker: I have not asked the Minister to answer just now. If he feels that it is necessary, he can answer at his leisure.

Shri Mohiuddin: If you kindly examine in detail, you will find that there were complaints in regard to the allotment of wagons.

Mr. Deputy-Speaker: Does the hon. Member feel that that is a subject that should be pursued still?

Shri Mohiuddin: I was just trying to introduce a comparison. I am only suggesting to the Finance Ministry that they should take a lesson from the reform that has been carried out in the railways.

Shri M. D. Joshi (Ratnagiri South): On a point of information. Could the hon. Member kindly make it clear whether there is anything in common between the railway zones and the insurance zones, except the word 'zones'?

Shri Mohiuddin: Both deal with organisation. The common thing is the organisational side.

Mr. Deputy-Speaker: The hon. Member might continue in his own way.

Shri Mohiuddin: I would emphasise that the Select Commitee may consider how to strengthen the regional organisation of the corporation. The zonal organisation may or may not be there. But I do suggest that there must be a large delegation of powers to the divisional managers, so that the responsibility and the initiative rest in the local areas.

The Leader of the Opposition has asked the question why compensation should be paid to the foreign companies.

Dr. Suresh Chandra: Who is the Leader of the Opposition?

Shri Mohiuddin: Shri A. K. Gopalan.

Dr. Suresh Chandra : He is not the Leader of the Opposition. He is only the Leader of the Communist Party.

Shri Mohiuddin: I really do not understand how the question at all arises. I am not supporting the proposal that compensation should not be paid. But I should like to understand how the question of compensation to foreign companies arises here. The shares of the foreign companies are not being taken over, Government are not taking over the shares of the foreign companies. Provision has already been made in the Bill that if they had brought funds over and above what they collected here for the purpose of building up business, then those funds could be repatriated. That provision is already there. As the buildings and other equipment have been purchased from the local collections of insurance premia, and as the surplus that they might have brought is being repatriated, and as we are not also taking over their shares, I really do not understand the reason for payment of compensation for the shares.

The question of the employees is of very great importance. Unfortunately, we have had some experience of this in the Airlines Corporation. As soon as the airlines were taken over, a retired judge of the High Court was appointed to prepare schemes for rationalisation of salaries. The scheme has already been prepared, what we find is that practically all the employees have been upgraded. I do not mind, if salaries of lower staff are raised, and if the minimum salary which is not sufficient for economic living is raised. I really do not mind that. But an all-round increase must be avoided. I am afraid that if due to the pressure from the employees, there is an all-round increase, then the insurance finances will be weakened, and it will not be in the interests of the general policyholders.

It is not clear from the Bill whether the insurance schemes of States like Hyderabad and Mysore and so on are being taken over. The Finance Minister did say that as it has been decided that life insurance should be a monopoly of the corporation, they will be taken over. I do not know whether the Finance Ministry has gone into the details of the insurance schemes that have been prevalent in the States for the last thirty or thirty-five years. In Hyderabad, for example, every Government servant has to insure himself compulsorily to the extent of 5 per cent. of his salary. Of course, insurance at a higher rate is optional for him. If this organisation is taken over, will the compulsory character of the insurance remain? And what will be the bonus—I am using the term 'bonus'; I do not know whether it is correct or not—, what will be the additional amount that will be paid to the policyholders, because there are no shares? That is one important thing which we have not been able to understand fully.

[Shri Mohiuddin]

I am not a lawyer, but there is one point which I hope the Select Committee will examine. There is one clause in the Bill which says :

> "If any person wilfully withholds or fails to deliver to the Corporation.....any property or any books, documents or other papers .....he shall, on the complaint of the Corporation, be punishable with imprisonment which may extend to six months, or with fine which may extend to one thousand rupees or with both."

If there have been defalcations before vesting the insurance business in the Government, they can be dealt with under the Criminal Procedure Code, but if after the vesting of the insurance business in the Corporation it is found that there is defalcation of securities and so on, I do not know whether it will be dealt with under this clause or under the ordinary law. I hope this clause will not create complications in this respect.

I wish to mention only one more point, and that is that policyholders are very sensitive about two points. These have been stressed already, but I wish to repeat them. One is prompt payment on maturity and the other is, granting of loan on the surrender value of the policy as early as possible. Unless the Corporation fully adopts business principles and delegates the power, as I have suggested, to divisional organisations, there may be, and there will be, a great deal of discontent amongst policyholders. I hope that will not happen and I am sure Government and the Corporation will take due care to see that the business is carried on on really business principles.

Dr. Suresh Chandra : This Bill is welcome. It is a further step towards the nationalisation of insurance business in this country. When Government enter into the business field, with the organisation of these undertakings should be combined public ownership, public accountability and business management for public ends. Various forms of organisation have been adopted in other countries for similar undertakings, but in India development has taken place along two lines, that is, through corporations and joint stock companies. We are lucky that we have not attempted to run such undertakings on a departmental basis. We have tried the departmental basis only in a limited sphere, that is, in the railways and the posts and telegraphs.

My hon. friend, Shri Mohiuddin, mentioned in this connection about the railways. He also referred to the zones. As one hon. Member then pointed out, there is nothing in common between the railways and the Corporation with regard to zones, except the word 'zones'. I take it that his assertion that the zonal system on the railways has failed does not bear any truth.

With regards to zones, I think it is now becoming a matter of fashion to talk of zones—probably it is also a matter of necessity. We have also heard that when our Prime Minister was talking to the French Foreign Minister on the question of Algeria, he suggested the establishment of zones as between the French population and others. So the idea of zones is becoming more popular. In this Bill, they have said in clause 19 :

> "The Corporation may entrust the superintendence and direction of the affairs of a zonal office to a person, whether a member or not, who shall be known as the Zonal Manager and the Zonal Manager shall perform all such functions of the Corporation.... as may be delegated to him...."

I feel that more freedom should be given to these Zonal Managers and zonal officers so that they may be able to function with proper autonomy and without much restrictions from the Government.

One point was mentioned by Shri N. C. Chatterjee, that there should be more freedom and autonomy given to the Coroporation. I agree that there should be some kind of autonomy given to these corporations. But our experience with these autonomous corporations in India—of course, in Sindri it is a different matter, but we have the DVC and other corporations—is that when we give powers to a few people who run these corporations without much control by Parliament, there is a tendency on the part of these corporations to become almost autocratic. We have seen that Parliament had not been able to have much control over some of these autonomous corporations. We receive reports very rarely and we cannot devote much attention and examine in detail the

working of these corporations. Therefore, I feel very strongly that though it is a good thing to have a corporation, we may insert a new clause here providing for more control by Parliament. In the clause relating to rule-making powers, we have said that 'all rules made under this section shall be laid before both Houses of Parliament as soon as may be after they are made'. Clause 38(1) says:

> "The Central Government may, by notification in the official Gazette, make rules to carry out the purposes of this Act."

I would suggest that these rule-making powers should be given to Parliament. These rules should be laid before Parliament and Parliament should be given the power to finally make all these rules. Then only we shall be able to have greater control over all these corporations,—much greater control than we have at the moment in the case of the DVC and other corporations which exist today. We shall also be able to avoid great waste of expenditure and giving too much of power to a few persons.

2 P.M

I would also like to repeat what has been emphasised before with regard to the security of service of the field workers. In clause 10, it has been stated that all the employees of the insurers will, on the appointed date, become the employees of the Corporation and hold office therein on the same tenure, on the same remuneration and on the same terms and conditions etc. Even though this clause is here, there is a great deal of misapprehension in the minds of the workers who have built up this business with great zeal for the last so many years. It is true that lots of things have happened in this business and we have known how money was not properly utilised and utilised for personal ends etc. But, apart from that, it is a fact that this business has been built up by the field workers and they are still continuing to do so. Therefore we must all take note of this.

I have received a large number of letters from so many insurance workers from different parts of India, especially from the part which I represent. They do not know what is going to happen to them: they do not know what is going to happen about their salaries—whether they are going to be transferred from one place to another, whether they are going to get the same salaries and whether their work will be appreciated. Some of these people do not possess the qualifications which are required by Government for Government service; they are not graduates or M.As., and all that. They are probably matriculates; and some of them are not even that. They have entered this line and done good work, There is fear in the minds of these people. I think that, when the Select Committee goes into the matter in detail, it will see to it that no injustice is done to these field workers who have built up this organisation and snatched the business from the hands of foreigners.

There were some very useful suggestions made the other day by my hon. friend Shri More. He said that when we are nationalising the insurance business and when we are having a Corporation, the idea is to spread this insurance more and more in the rural areas. So far, this insurance business has been only in the urban areas but the idea now is to take it more and more into the rural areas. When we have got this idea, we should utilise this opportunity to provide more facilities to the common people in the rural areas—as well as urban areas—in regard to loans or other facilities so that they can construct houses, they can get some money for the marriages of their children and also—as pointed out by him—if somebody wants to contest an election and become a Member of Parliament, he may also have that facility; they may also have some facilities with regard to health. These facilities are being provided in many other countries, where a man by way of insurance can construct houses, can have the benefits of health and get money for his other social purposes. I would, therefore, submit for the consideration of this House as also the Select Committee these points and I hope the Select Committee would insert some of these suggestions in the Bill which will come up before the House after consideration by the Select Committee.

I again suggest that this Corporation should not have autocratic powers. There must be some control by Parliament. So far, in the case of the DVC and other statutory corporations, we have not got sufficient control, sufficient power to examine the working details etc. though there are some committees like the Estimates Committee and the Public Accounts Committee. We do not

[Dr. Suresh Chandra]

examine them: we do not even discuss the reports of these corporations and others in great detail. Crores and crores of rupees have been invested in these public undertakings. I would, therefore, suggest that when we are going to take over this kind of business, Parliament must have the rule-making powers and, furthermore control over these things.

We have suggested only 5 people on the managerial side. We should not make these 5 people—or even 10 people—have dictatorial powers. Therefore, there is a great necessity for more and more Parliamentary control. As I have said before, we should also consider the interests of the employees who have built up this business after very hard work for so many years.

श्री बी० डी० पांडे : मैं जनाब को बधाई देता हूं कि आप इस तख्तताऊस पर बैठे । इस रोजे चमन में से कमल को निकाल कर अच्छी जगह रख दिया गया है इस के लिये मैं आप को बधाई देता हूं । और अपने आप को भी बधाई देता हूं ।

उपाध्यक्ष महोदय : यह आप की मेहरबानी है लेकिन इस वक्त तो आप इस बिल पर बोलने के लिये खड़े हुए हैं ।

श्री बी० डी० पांडे : उस वक्त मुझे बोलने का मौका नहीं मिला था इसलिये इस वक्त हुजूर की खिदमत में मैंने अपने ख्यालात का इजहार कर दिया ।

मैं इस बात के खिलाफ हूं कि सरकार को बनिया होना चाहिये । सरकार को तो राजा होना चाहिये । गेहूं भी हम खरीदते हैं, लोहा भी हम खरीदते हैं, सीमेंट भी खरीदते हैं और इस में छीजन होता है तो सरकार की बदनामी होती है और देशमुख साहब कसकस कर टैक्स लगा रहे हैं । लेकिन उस से भी पूरा नहीं पड़ता क्योंकि जो काम है वह बहुत बड़ा है । इस हिन्दुस्तान को जो कि एक उजड़ा हुआ चमन है उस को फिर से बसाने का काम बहुत कठिन है । उस के वास्ते रुपया नहीं है । अब यह कहा जा रहा है कि इंश्योरेंस को लो, बैंकों को लो । तो मैं यह कहना चाहता हूं कि इस में जो मुनाफे की बनिया वृत्ति आती है वह राजा के वास्ते ठीक नहीं है । राजा को तो राज्य ही करना चाहिये । "असंतुष्टा द्विजा नष्टा संतुष्टा च महीपति ।' जो राजा है उस को तो असंतुष्ट ही रहना चाहिये और ब्राम्हण को संतुष्ट रहना चाहिये । राजा को बनिया नहीं बनना चाहिये । राजा के लिये बनिया वृत्ति खराब है । हम जो इस वक्त जीवन बीमा को जो छीन रहे हैं वह इसी लिये कि उन्होंने बेईमानी से नफा कमाया है । यदि हम भी वैसा ही करने लगेंगे तो हम में और बनियों में क्या फर्क रह जायेगा ।

उपाध्यक्ष महोदय : अगर माननीय मेंबर अपनी तवज्जह इस तरफ रखें तो ज्यादा बेहतर होगा ।

श्री० बी० डी० पांडे : हुजूर में मित्रों द्वार कुछ गड़बड़ा गया ।

इस विषय में बहुत सी बातें कही गई हैं । मैंने इस विषय पर पहले भी कुछ कहा था । कुछ थोड़ी सी बातें और कहना चाहता हूं । मैं कुछ मोके के अनुसार बातें कहना चाहता हूं । इस में सब से बड़ी बात तो एजेंटों की है। बीमाका एजेंट मक्खन सा मुलायम होता है । जब मिलता है तो नमस्ते करता है। कभी पान खिलाता है, कभी चाय पिलाता है । आप के पास घर पर आता है, कचहरी में आता है । वह कैसा अच्छा आदमी होता है । सरकार का जो ऐजेंट होगा वह तो ऐसा होगा या नहीं कह नहीं सकते । उसके दिल में तो अपना रोब होगा । वह तो कहेगा कि मैं तो सरकारी आदमी हूं, मैं इस को क्यों नमस्ते करूं । ये बिजनेस टैक्टिस (व्यवसायिक युक्तियां) सरकार के पास नहीं है । मैं देखता हूं कि हमारे यहां रोडवेज की, गवर्नमेंट की मोटरें चलती हैं और निजी कम्पनियों की भी मोटरें चलती है । निजी कम्पनियों की मोटरों को हम अपने घर ले जाते हैं और उन से काम लेते हैं । जो काम हम चाहते हैं वे कर देते हैं । लेकिन सरकारी रोडवेज वाले बात नहीं करते । वे तो रोब दिखाते हैं । तो राजा के तो राजमद होता ही है । राजा को बनिया नहीं होना चाहिये । राजा में डांटडपट होनी चाहिये । उस का जो ऐजेंट होगा, जो जनरल मैनेजर होगा वह डांटडपट दिखायेगा । लेकिन इस से तो यह काम चलेगा नहीं । मैं ने देखा है कि जो लोग अपनी मोटरें चलाते हैं वे उन को अहतियात से चलाते हैं । उन को उस का दर्द रहता है । उस को डर रहता है कि अगर मैं इसको ब्रेकके बगैर चलाऊंगा या जल्दी में चलाऊंगा तो यह टूट जायेगी । लेकिन जो सरकारी ड्रायवर है उस के रोब को देखिये, वह कैसी शान से आता है । कंडक्टर को देखिये कि कितनी शान दिखाता है । निजी आदमी शान नहीं दिखाता । मेरे

कहने का मतलब यह है कि इस काम में बनिया वृत्ति जरूर होनी चाहिये उस के बिना काम नहीं चलेगा, और राजा में बनिया वृत्ति हो नहीं सकती। राजा तो रोब ही दिखाता है और डांटडपट ही दिखाता है। उस में तो राजमद होता है।

श्री श्रीनारायण दास (दरभंगा मध्य) : वैलफेयर स्टेट (लोक कल्याण राज्य) में वैसा रोब नहीं होगा।

श्री बी० डी० पांडे : वैलफेयर स्टेट के माने क्या हैं ? गांधी जी ने रामराज्य कहा था, हम वैलफेयर स्टेट कहते हैं और अब सोशलिस्टिक पैटर्न (समाजवादी ढांचा) है। लेकिन मैं तो अब बुढ़ापे में बदलूं या नहीं, कह नहीं सकता। मैं तो सन् १९०५ से कांग्रेसमैन हूं और जैसा हूं वैसा ही रहूंगा। मैं बदल नहीं सकता। मैं सरकार का समर्थक रहा हूं और मरते दम तक रहूंगा। मैं यह नहीं कहता हूं कि मैं सोशलिस्ट हूं या नहीं। और न मैं उस ढंग की सोशलिजम ठीक समझता हूं। उड़ीसा के जो गवर्नर महोदय हैं उन्होंने इस सम्बन्ध में जो कहा है उस को आप सब लोगों ने सुना होगा। उन्होंने यह कहा है कि We are not going to make the richer class poor, but we are going to lead the poor to the riches. इस को तो बहुत कहते हैं कि एक व्यक्ति की अधिक से अधिक आमदनी पर सीलिंग (ऊपरि सीमा) रखी जानी चाहिये, आप सीलिंग रखते हैं, तो रखिये लेकिन मेरा कहना है कि यह जो आप निरन्तर टैक्स लगाते जाते हैं, तो इस टैक्सेशन (करारोपण) की भी कोई सीलिंग होनी चाहिये कि इस से ज्यादा टैक्स नहीं लगेगा। टैक्स तो आप लोगों से अनाप-शनाप वसूल करते चले जायें और उनकी आमदनी पर आप सीलिंग मुकर्रर करदें और टैक्सों से होने वाली अपनी आय पर आप कोई सीलिंग न रखें, यह ठीक नहीं है और ऐसा नहीं होना चाहिये। सीलिंग अगर हो तो सब जगह होनी चाहिये। जिस तरह से आज आप चल रहे हैं इस को मैं सोशलिज्म (समाजवाद) नहीं मानता और यह सोशलिज्म मैं समझ ही नहीं पाता हूं....

उपाध्यक्ष महोदय : मेम्बर महोदय को तीन चार बातें अभी कहनी हैं और उनको न कह कर वे सोशलिज्म में चले गये हैं।

श्री बी० डी० पांडे : मैं अभी बहुत थोड़े में जो कुछ मुझे इस विधेयक के बारे में कहना है कह दूंगा। मैं एक बात बिलकल स्पष्ट कर देना चाहता हूं कि छिना झपटी का राज्य मैं ठीक नहीं समझता हूं। अलबत्ता रजामंदी से आप उन चिजों को अगर प्राइवेट लोगों के हाथ से लेकर सरकार द्वारा चलाये तो मुझे उसमें कोई आपत्ति नही होगी। गांधी जी का रजामंदी का जो नियम था उसके अनुसार अगर आप चलकर इन चीजों को अपने हाथ में लेतं हैं तो मुझे शिकाय-नही हैं। अब उपा यक्ष महोदय आपक इस कुर्सी पर बैठने से हमको यह लाभ होगा कि अब मास्टर तारासिंह की कृपाण नहीं चलेगी बल्कि अब जबान चलेगी और आपसी बातचीत और वादविवाद के जरिए हम अपने मसले और सवालात हल कर सकगे। छीना झपटी का राज्य नही होगा, डराने धमकाने का राज्य नहीं होगा, बल्कि बहस से और कनविंस (समाधान) करा के उनको अपनी तरफ ले आयेंगे।

मैं उन सज्जन का नाम नहीं लेना चाहता लेकिन वे ९ करोड़ की हैसियत रखने वाली कम्पनी के जनरल मैनेजर थे, उन को उन के ऊंची जगह से हटा कर उन के हाथ में लगभग ८० लाख रुपये की हैसियत की कम्पनी दे दी गई और मैं समझता हूं कि इस तरह की तबदीली कर के उन का अपमान ही हुआ कि एक करोड़पति की लखपति की जगह ले जाकर आपने बैठा दिया और लखपति को करोड़पति की जगह आपने बैठाल दिया है और इसी में दिलशिकनी (मनमुटाव) होती है। मैं समझता हूं कि इस तरह की गड़बड़ी नहीं करनी चाहिये और उन के पद और प्रतिष्ठा को हमें कायम रखना चाहिये उन का हमें विश्वास करना चाहिये और हम लोगों को उन को किसी तरह से डराना और धमकाना नहीं चाहिये बल्कि उन को पुचकार कर अपनी तरफ करना चाहिये।

इसी तरह मुझे एजेंटो के बारे में कहना है कि सरकार को यह देखना चाहिये कि वे अपनी जगह पर कायम बने रहें और वे अपना काम जिस खूबी से अभी तक करते आये हैं आगे भी करते रहें।

इस इंश्योरेंस के व्यवसाय के बारे में इस हाउस में सब से कम अगर कोई जानने वाला है तो शायद वह मैं हूं। मैं ने अपना बीमा नहीं कराया और बाप-दादों की जायदाद पर अपनी गुजर करता था और वह भी उत्तर प्रदेश में जमींदारी प्रथा के विनाश के साथ खत्म हो गई। आज मुझे अफसोस इस बात का हो रहा है कि मैं ने अपने जीवन का बीमा क्यों नहीं

[श्री. बी. डी. पांडे]

कवाया जो कि इस बुढ़ापे की अवस्था में मेरे लिये सहायक सिद्ध होता । इस बीमे के व्यवसाय के बारे में मुझे विशेष जानकारी नहीं है लेकिन मैं इतना ही कहूंगा कि मैनेजरों के ऊपर आप नियंत्रण अवश्य रखें और देखें कि वे ठीक प्रकार से अपने कर्तव्य का पालन कर रहे हैं या नहीं लेकिन साथ ही उन की अप्रतिष्ठा भी नहीं होनी चाहिये । ऐजेंटो के काम पर हमारे वही नम्र स्वभाव वाले व्यक्ति रखे जायं जो इस काम को कुशलतापूर्वक और योग्यतापूर्वक निभा सकें और इस काम पर बुलडौग कुत्ते के समान काटने वाले आदमी नहीं रखें जाने चाहियें, नहीं तो हमारा काम ठीक से नहीं चलेगा ।

मैं सरकार को एक चेतावनी भी इस सम्बन्ध में देना चाहता हूं कि जो दोष हम पूंजीपतियों पर लगाते हैं और जिस पूंजीवादी मनोवृत्ति को समाप्त करने के लिये हम यह और इस प्रकार के अन्य कदम उठा रहे हैं, तो हमें देखना है और सावधान रहना है कि वह पूंजीवादी मनोवृत्ति और सब कुछ स्वयं ही हड़प जाने और दूसरों से छीन कर खा जाने की मनोवृत्ति कहीं शासक वर्ग में न घुस जाय और इस तरह की खराब और दूषित मनोवृत्ति यदि हमारे शासक वर्ग में आ गयी तो यह प्रजातन्त्रवाद के लिये अहितकर होगा । वह दूषित मनोवृत्ति हम में नहीं आनी चाहिये ।

Shri Gidwani (Thana): I rise to support the Bill. In doing so, I wish to emphasise one point.

Yesterday some representatives of displaced insurance companies met me and they have brought certain grievances of theirs in regard to this Bill to my notice. They have sent me a representation which I wish to place on record so that the Select Committee may carefully consider it. This is what they say about their difficulties:

> "The principles for determining compensation under the Life Insurance Corporation Bill do a great injustice to a displaced insurance company, that is, a company which had its head office in Pakistan and had to migrate to India on account of the partition of the country. The Corporation Bill has taken the past experience of the insurance company as the basis for its compensation. In the case of a displaced insurance company the past experience has been a very abnormal one which has resulted in the reduction of his capital assets by the loss of his immovable property left in Pakistan, excess claims paid on account of massacres and the excess expenses it had to incur for rehabilitating itself."
>
> "These were abnormal losses and it cannot be said that they are likely to be repeated in the future for displaced companies alone. Therefore, these companies deserve special consideration in order to place them at par with non-displaced companies.

The above losses suffered are of three categories :

> (1) Losses on account of immovable property left in Pakistan and which was a *bona fide* investment.
>
> (2) Excess claims above normal mortality provision which arose on account of massacres of the policyholders in the riots occurring in Pakistan.
>
> (3) Excess expenses that the displaced company had to incur to rehabilitate itself.

The plea is that all these losses which the displaced company can prove to the satisfaction of the Government may be added back to the deficit or surplus when the valuation of the company is done. The reason is that these were abnormal losses and there is no chance of their repetition in the future for displaced companies alone. If the business had not been nationalised then these displaced companies would have in course of normal functioning in future written off those losses. By nationalisation this has been taken away and it is only fair that these losses should be fully accounted for.

The investments of these companies which fall under the category of approved investment under the Insurance Act and which were left in Pakistan should be treated at market value as at the date of partition. If the Government is not willing to give credit to these companies then it is only fair that their valuation should be done under a closed fund basis, *i.e.*, a basis whereby it is assumed that they

shall not be transacting any new business but shall be only carrying their existing business. By adopting this procedure, relief will be available to these companies by reduction of their liabilities.

In making the above suggestion, it is not intended to place displaced companies at an advantageous position compared to non-displaced companies but only an effort is made to remove these abnormal factors so that their compensation is also just and fair."

This applies both to the shareholders and the policy holders. I believe everybody knows how the displaced companies had suffered and the representation which I read before the House just now fully explains their case. I am sure Government will give due consideration to this representation and will give relief to the displaced companies as suggested by those companies. I am not an expert in this matter, but I do hope and believe that Government will take all these facts that have been brought before them, into consideration and do whatever is possible to help them out of the difficulty. Otherwise, there is every likelihood of their suffering immensely.

There are two or three other matters to which I shall now refer. They are of a general nature. I wish to say that we should be very careful in the appointment of the members of the Advisory Board, the managers and the other authorities that we propose to create in regard to the implementation of this scheme. When the Life Insurance (Emergency Provisions) Bill was being discussed, Shri Tulsidas and others always felt doubtful about our successful implementation of the scheme. They were doubtful whether we will be able to be very economical, whether we will be able to run our industry efficiently and whether we will be able to satisfy our clients as the private sector has done.

I have also a little experience of this matter. I had been a Member of the Public Accounts Committee and also of the two organisations which were partly connected with the Finance Ministry. One was the Industrial Finance Corporation and the other was the Rehabilitation Finance Administration. As regards the Industrial Finance Corporation, I need not repeat how it worked. Shrimati Sucheta Kripalani was appointed as Chairman of the Committee to investigate into the affairs of the Industrial Finance Corporation and the report of that Committee was placed before the House. We discussed it in full detail. Even in the Public Accounts Committee many things were brought to our notice, and they really showed that the institution was not working satisfactorily, that there was over-expenditure, that the members who were supposed to be impartial in running the administration were themselves interested and that the manager was acting like an autocrat and spending money which was sanctioned only after it had been spent. Thus, the machinery that was run was more expensive than the one in the private sector.

Similar was the case with the Rehabilitation Finance Administration. I have experience of that administration for the last four years. I find that retired officers are appointed as Chairmen. Then, they monopolise the whole power to themselves. Of course, the Government appoints some hon. Members of this House as members of that body, but as you know, they have to attend to so many other duties as members of various committees and they rarely find time to go into the detailed working of the institution. The result is that things do not go on efficiently. Things do not go on economically; and exposures are made in the Public Accounts Committee. Then the Government stands on its own prestige and does not wish to change or make substantial modifications. The result is that we get discredited. While the private sector runs its institutions more efficiently and more economically, Government institution are run more expensively. There is a lot of inefficiency, corruption, favourtism and nepotism in the Government running these institutions. Therefore, I would urge upon the Government to be very careful. We are embarking on a venture. We are making a new experiment. The people in the country as well as our capitalist friends are watching the activities. They will be surely watching our progress. Therefore, we should be very vigilant and very careful to see that every pie that we spend is spent well, that our organisation is more efficient, that our people do not complain about the administrative set-up and that they are given every consideration while we deal with them. With these words, I support the Bill heartily.

Shri Keshavaiengar (Bangalore North) : I am very happy that I have been able to participate in this debate on the very first day when you have been pleased to accept the office of Deputy-Speaker. Insurance field, in my opinion, has not been developed to the extent it ought to, in our country. Almost every country in the free world—Norway, Sweden, Canada, Australia, Denmark—during the past few decades have brought this field of activity under State control. In our country, apart from the fact that there are a few private companies—about 210 or so in number—we have only three Governments who are dealing with this matter by themselves. I am proud to submit to this House that the State I come from, Mysore, was one of the earliest State to start insurance on Government lines. It took up this business as far back as 1891, about 65 years ago. Originally the scheme was restricted to the servants of Government, but subsequently, after some years, the scope of its activities has been enlarged to the public sector as well and it has been working quite nicely. I am not one of those who feel—and have any grievance—that this Act has been brought about mainly on account of the reason of mismanagement of some of the insurance companies in our country. Far from it. The general trend, as I have already submitted, is towards nationalisation of this very useful industry; and the public interest rightly demands it. This is one other step in the right direction on the part of our Government.

So many hon. Members who were pleased to participate in the debate—some of them—made a reference to this fact that the mismanagement of so many companies was to a great extent due to the not proper functioning of the Controller of Insurance. I do not accept that statement wholesale. Perhaps it may be due to the fact that he has not been invested with sufficient powers to effectively control these. Anyway, I think that this is a right step in the proper direction and I am one of those who welcome this measure.

Apart from the fact that the field of activity will become wide and it will spread to the villages, when these activities are taken over and conducted on the Government side, it will have a very salutary and good effect and will form an adjunct to the warehousing corporations that we are likely to have and will carry the relief to the distant villages in our country. I am sure that this activity will very conveniently supplement the activities of the warehousing corporation and its benefits will easily reach the villagers in the countryside.

Comparing ourselves with other foreign countries in this field, I have very great apprehensions that the Government has taken a very onerous responsibility on itself of widening the scope and activities in this regard.

So far as the regular provisions are concerned, I have some suggestions to make. It has already been said in this House that the measure has been most welcome from every quarter except for the fact that some persons on the boards of directors of some companies were not among the the people who sent telegrams to the Finance Minister. Every other section of the society welcomed the measure. I am very anxious that the large number of employees engaged in this useful endeavour should have some representation. They should certainly be represented in every level of the administration and I am very anxious that their interests must be well safeguarded. Their co-operation should be enlisted at every level of our activities. Inasmuch as we have had two hundred and odd companies, it is worthwhile to have as many as twenty zonal committees instead of one big corporation; they may be constituted almost analogous to the territorial jurisdiction of the several States. They can promote a sort of a healthy competition among the various activities in this field. That, I think, would be a point for the consideration of the Select Committee and necessary provisions in this regard may have to be made.

I find one other omission in clause 10 of this Bill. We have left out of consideration one particular clause or branch in this insurance field. They are the chief agencies. I think there are some cases of *bona fide* chief agents who are working their concerns almost on the same lines as a regular branch office. Many of them have been rendering a very good account of themselves and they have been conducting themselves very honestly. They have a good number of employees as well. Those persons ought not to be left in the lurch on account of this measure. I am very anxious that clause 10 of the enactment must be suitably amended in order to bring into its fold the *bona*

fide chief agencies and their employees. The matter may be studied and such of those chief agents whose *bona fides* could not be questioned and who are doing good work may also be brought within its fold.

One other feature which I would like to point out is this. The State committees may also take into consideration the enlarged scope of activities in the insurance field and they may take this almost to every one of our countrymen. From the reports we find that it is only a very small percentage of people—negligible percentage—who are insured. Our country is a very vast one and crores of people are there and only a few lakhs of people have been brought under this fold. I am very anxious that this enlarged scope must be very effectively worked out and, as I said, it should spread to everyone in our country.

Shri Bansilal (Jaipur): The Bill under consideration is a very important one—I should say, of historic importance. For the last few days, it has been the burning topic in the country. Different opinions had been expressed as to whether this venture of nationalisation of insurance would be beneficial to the country and to the persons insured or not. Doubts are there even in the minds of those who are for the nationalisation of this business.

I say it is of historic importance because on the success or failure of this venture, the future of our country depends. It is a very big venture. If unfortunately this fails, then the spread of nationalisation to other spheres would have to be stopped and the aim that we cherish could not be achieved. The atmosphere in which all these things have happened—the issue of the ordinance, the passing of the measure, etc. —is not, unfortunately, what it should have been. This type of nationalisation work affects so many persons and such a large scale of activity and there should be no worry in any quarter. It is only with the goodwill and co-operation of all concerned that this venture can be successful. Our motto should be : from wealth to service. On these two words, the whole scheme depends. If the whole idea is only the honest utilisation of funds of the various insurers, then it is not correct.

Much of the insurance business in the country was in the hands of foreign capitalists and foreign companies. After all, there was a stage when we all encouraged setting up of insurance companies all over the country. Some of them have done wonderful work. There is no doubt that lot of funds that the insurance companies had was not properly utilised. But that is only one aspect of the thing.

The aim for which this Bill has been introduced, as stated in the Statement of Objects and Reasons, is :

> "To ensure absolute security to the policyholder in the matter of his life insurance protection, to spread insurance much more widely and in particular to the rural areas, and as a further step in the direction of more effective mobilisation of public savings, Government have decided to nationalise life insurance business in India."

If we look to the Objects and Reasons for which the Bill is introduced I think much is contained therein, but there are some practical difficulties.

This Bill relates to the formation of a Corporation. My experience is that if the Corporation is not formed with proper care then its fate will be the same as that of—as we see—the Industrial Finance Corporations in many of the States. I would like to draw the attention of the hon. Finance Minister to examine how far these Industrial Finance Corporations have worked in the different States. What had been their personnel? I should like to say that in the State from which I am coming—Rajasthan—it was with very great hope that we were looking to the establishment of an Industrial Finance Corporation in that State. But, what is the personnel? All multi-millionaires and capitalists are there. They move in their own way. They have got their own ideologies and the requirements, the ambition of the masses, the poor people, are not satisfied. So, I would, with all stress at my command, surely like to say that every care has to be taken in the composition of the Corporation lest it may be a corrupt corporation. There are various dangers connected with it. This Corporation can put the whole country backward, the whole scheme of nationalisation backward. Of course, it is not an easy go. I may say there will be huge opposition. The other day we were informed that after this nationalisation, after the Ordinance was issued the work has increased. I do not know whether this has increased in all parts of the country. I cannot

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say whether the policies that have been procured during this period are comparatively much more. That is for the Government to say as they have got better information in their hands. But at least many great doubts are expressed in many quarters and in many places that this insurance business depends on so many things like persuasion and so on. If that is lacking then there would be a great set-back.

Another point I would like to stress is this. Take the case of Rajasthan. We have not got very good insurance companies in that State. One or two, of course, are there. All the business of insurance there is taken up by other States like Bombay or Calcutta. We give the money and the money they take from us is invested elsewhere. I think something definite should be laid down in this Bill—and I would like to draw the attention of the Select Committee to this point—to see that the investment should be *pro rata*, in proportion to the funds that is coming in from a particular State lest it may happen that the money which comes in the hands of the Corporation is invested in big ventures. No doubt that will be invested in good things—I do not for a moment doubt that—but at the same time it will not be satisfactory. After all it is for the good of the people who have insured that this money should be utilised. For instance if there is any amount at the disposal of the Corporation that should be spent in proportion to the amount that is coming from a particular State.

That depends upon the proposal for the establishment of zonal councils. There is a proposal for the establishment of zonal councils at 3 or 4 places. I wish the name of Ajmer had been included therein. In the first instance I know in the whole of Rajasthan, Ajmer is a place where every insurance company has got an office. There are certain insurance companies like the General Insurance Company which are flourishing in that State. I do not know why this place has been left out when places like Delhi, Calcutta, Bombay and others have been mentioned. I think Ajmer is a fit place where, to start with, we can have a zonal council. Of course my friends from Ajmer would have much more information on this point but I know that it is from Ajmer that the whole of business in Rajasthan is controlled.

Regarding formation of zonal councils I would like to say—it is my suggestion; I do not know how far this would appeal to the hon. Minister—that so far as nationalisation of insurance business is concerned it should be completely kept out of politics. This is my suggestion lest it may go in the same rut as other things and a finger may be raised against this policy of nationalisation of insurance business saying that this is also in the hands of Congressmen, this party or that party. This should be completely avoided. My suggestion is that the whole country must share in this Corporation.

How we can start is like this. There should be a zonal council in every State and every Member of this House and the Rajya Sabha should be a member of the zonal council of the State to which he belongs. It is in this way that we can really make this insurance business a national business in the true sense of it. The management should not be in the hands of any particular class of people. When the question of formation comes up I may frankly admit that the Government will select some 15 persons who will from the Corporation. I take it that every care will be taken to select the persons who are well-versed in this art. It is an art. It is not an ordinary thing.

This management of insurance was in the hands of so many companies having corporate bodies always trying to increase their business. The Government will now vest this job in the hands of 15 persons. It will be a very difficult job and therefore in the selection of these persons great care has to be taken.

I think from the very start great care and precaution should be taken if after nationalisation it is really to control the whole insurance business. Our countrymen should feel that this business is completely devoid of any political atmosphere. It is in this respect that I suggest that zonal councils should be formed State-wise immediately the Bill comes into force. The Select Committee should very carefully consider this suggestion and irrespective of whether a Member belongs to this House or the Rajya Sabha every Member should be *ex-officio* member of the zonal council of his State so that the zonal council will represent all shades of opinion. That will serve as a check too. In the beginning

if this check is not there, as I have said in the opening words of my speech, there will be a great set-back.

The whole scheme is, as my friend just now said, to take the insurance into the rural areas which is a very big task. Of course the Corporation will not consist of those persons who can really feel for the rural side. They will not take the business into the rural side. We are feeling that in so many ventures and schemes of the Government they did not carry home to the countrymen our aim because the mentality of the people at the helm of affairs is not rural in character. Without that kind of mentality we cannot take the business to the rural side. A lot of effort has to be made. At present there is not much charm for the rural side people to get themselves insured. It is not because they have not got the finances but there are so many other factors—the matter of payment and other things. As soon as the policy matures I have very grave doubts whether one will get the money. Today the insurance companies for the sake of prestige and getting more business make immediate arrangements for the payment. Of course, in some cases it is not done and the Government has already secured them. But if the same rut sets in and the money is not paid to the wife or heir of a policyholder and for six months, ten months or an year the same kind of petitions have to go from here to there and so on then the insurance business will very much suffer.

So, great precaution has to be taken regarding how this is put into practice. I want the Select Committee also to look into these matters very carefully.

Another point is about the insurance agents. I think most of us are insured in one company or the other and we know how the insurance agents approach us and secure business and how the doctors help them. If there is rigidity, the greater the rigidity the lesser will be the business. Now, of course, most of the companies have their own doctors. I do not know how, but in 99 per cent of the cases they give good reports. Only in very few cases they give adverse reports. I do not mean to say that there should be laxity. At the same time, greater rigidity will ruin the whole of the insurance business.

Besides, very soon Government will have to consider the nationalisation of other forms of insurance also. At present we have started with life insurance. I think it would have been much better if other insurance work also had been taken up in hand because without that there will be duplication of work and the ratio of expenditure will be much more. The hon. the Finance Minister can look into whether the ratio of expenditure will not increase because in clause 10 we have provided that all those employees who are employed today as whole-time servants in the insurance company will continue on the same terms. I think this is a very harmful clause which will defeat the socialist aim because I find huge salaries are paid to the existing managers and secretaries of the insurance companies. There is a provision that they will continue even after the Corporation comes into existence on the same terms. I do not know why they should be continued because this is not to be the aim. The managers and secretaries are getting huge salaries—5,000 and 6,000 rupees a month. I do not know what is the maximum amount, but it is a huge sum.

Mr. Deputy-Speaker: The hon. Member need not have any fears. The Corporation has powers to reduce that.

Shri Bansilal: I submit that as far as clause 10 is concerned, security has been given and there is a guarantee that they will be retained on the same terms and conditions.

Mr. Deputy-Speaker: Not for all times. The Corporation will absorb them and will subsequently see what is the proper salary that is to be given.

Shri Bansilal: My submission is that there are no provisions. So far as temporary personnel is concerned, in clause 11 there is provision. Clause 10 reads :

> ".....shall, on and from the appointed day, become an employee of the Corporation, and shall hold his office therein by the same tenure, at the same remuneration and upon the same terms and conditions and with the same rights and privileges as to pension and gratuity and other matters as he would have held the same on the appointed day if this Act had not been passed, and shall continue to do so unless and until his employment in the Corporation is terminated or until his remuneration, terms and conditions are duly altered by the Corporation:"

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My submission is that this particular provision is there. In practice many difficulties will arise. If you want to save the money of the people, that is, insured, from going to the hands of some of these managers and secretaries and those persons then something should be done. You have to look at this aspect also. But, at the same time, we cannot forget the part-time workers like agents etc. They are the real backbone of the industry and there must be some policy to encourage them as much as possible.

I have not gone into the question minutely but I think in some ways we can take the help of the gram panchayats for getting insurance business. It will increase the finances of the panchayat also for they will be getting remuneration for it. For instance, take the realisation of revenues. If the gram panchayat collects the revenue, it gets 10 per cent of it. If the gram panchayat undertakes this work of insurance, apart from it giving them some money, they can convince the people from the rural side and make them insure.

Of course, the minimum amount should be reduced from Rs. 1,000. But that is a matter of detail. So the services of the gram panchayats could be utilized for securing more business in the rural side.

I hope the Select Committee will look into these matters .While I have apprehension about the salaries that are being paid to the higher cadre, the salaries of the insurance agents and subordinate staff should be protected in the Act.

On the whole I congratulate the Finance Minister who has brought in this Bill with speed. The provisions of the Ordinance, which has now become an Act, are al there. But, at the same time, precaution should be the watch-word.

श्री दिगंबर सिंह (जिला एटा—पश्चिम व जिला मैनपुरी—पश्चिम व जिला मथुरा—पूर्व) : उपाध्यक्ष महोदय, मैं हाउस के सामने प्रस्तुत विधेयक का समर्थन करता हूं । मुझे इस बात की खुशी है कि हमारी इस लोक-सभा में हमारे वित्त मन्त्री महोदय ने इस विधेयक को रखा और उस से अधिक खुशी मुझे उस समय हुई जब कि एक अध्यादेश के द्वारा इस बीमा व्यवसाय के ऊपर अधिकार किया गया था ।

उपाध्यक्ष महोदय, मैं यह जानता हूं कि बहुत से लोग जिन में कि कुछ हमारे साथी भी है, इस की कुछ बातों का विरोध करते ह लकिन यदि हम देश की उन्नति चाहते हैं, यदि हम देश को आगे बढ़ाना चाहते हैं और विशेष कर आपने उस सोशालिस्टक पैटर्न (समाजवादी ढांचे) के आधार पर जिस को कि कांग्रेस ने देश के लिये निश्चित किया है, पर इस देश की व्यवस्था करना चाहते हैं तो हमारे लिये आवश्यक है कि हम इस तरह के कदम उठायें । इस सरकार ने जो यह एक साहसपूर्ण कदम उठाया है और देश को आगे बढ़ाने का प्रयत्न किया है, में समझता हूं कि सरकार इस महत्वपूर्ण और प्रगतिशील कार्य के लिये सब से अधिक बधाई की पात्र है । जो लोग यह उम्मीद करते हैं कि हर एक काम उस ढंग से होना चाहिये जिस के लिये कि गांधी जी हम से कहा करते थे और जैसा कि अभी हमारे एक साथी कह रहे थे कि जिस तरह से सरकार ने इस सम्बन्ध में व्यवहार किया है वह गांधी जी की नीति के अनुसार नहीं था और यही नहीं उन्होंने तो एक तरह से कांग्रेस ने जो सोशालिस्टक पैटर्न पर समाज की व्यवस्था करने की नीति अपनाई है, उस का विरोध किया और मेरी तो समझ में उन की बात आती नहीं कि एक तरफ तो वह कांग्रेस दल के अन्दर हैं और दूसरी तरफ कांग्रेस द्वारा स्वीकृत नीति का इस तरह पर विरोध करते हैं। मैं समझता हूं कि वह इस बात को भी जानते होंगे कि कांग्रेस द्वारा इस नीति को स्वीकृत कराने वालों में अधिकतर वही लोग हैं जो गांधी जी के अनुयायी हैं और उन के सिद्धांतों में विश्वास रखते है, ऐसी सूरत में उन की यह बात समझ में नहीं आती कि आज कांग्रेस गवर्नमेंट प्रजातन्त्र और गांधी जी के बताये हुए नियमों के अनुसार आचरण नहीं कर रही है । मैं अपने उन मित्रों से पूछना चाहता हूं कि क्या हमारा संविधान हम को इस तरह के विधेयक को पारित करने की अनुमति नहीं देता ? और क्या जो अध्यादेश इस के पहले इस सम्बन्ध में सरकार द्वारा लाया गया वह संविधान के अनुकल नहीं था ? मैं समझता हूं कि यह दोनों ही चीजें संविधान और प्रजातन्त्रवाद के अनुकल हैं और हमारा यह कदम हम को प्रजातन्त्रवाद की ओर ले जाने वाला है ऐसीं हालत में मेरी समझ में नहीं आता कि मेरे वे साथी प्रजातन्त्रवाद के लिये इस में कौन सा खतरा देख रहे हैं । मैं तो यहां तक कहने के लिये तैयार हूं कि जब देश की भलाई का सवाल हो और उस को आगे बढ़ाने का सवाल हो. तब वही तरीका अच्छा माना जायेगा जो देश को आगे बढाने वाला हो, चाहे वह कोई भी तरीका हो । अब समय आ गया है कि जब हम

सरकार का साहस बढ़ायें ताकि इस तरह के कार्य करके सरकार एक एक कदम आगे बढ़े। सरकार यही नहीं है कि इस तरह का कार्य करे बल्कि मैं तो यही उम्मीद करता हूं कि उस को इस से और भी आगे बढ़ कर कार्य करना चाहिये। जैसे कि हमारे साथी यह कह रहे थे कि सरकार को बनिये का काम नहीं करना चाहिये, मैं तो कहता हूं कि वह बनियेगिरी का काम नहीं कर रही है, वह उस बनिये की तरह से काम नहीं कर रही है जो जनता को चूस कर अपना ज्यादा से ज्यादा फायदा करना चाहता है बल्कि हमारी सरकार तो उन पंजीपति बनियों को कह रही है कि महात्मा गांधी के आदेश के अनुसार आप जनता के ट्रस्टी बन कर रहिये। जब उन्होंने ऐसा नहीं किया तब सरकार ने उन का कार्य भार कम किया है। मैं समझता हूं कि ट्रस्टियों के ऊपर जो सेवा भार रहता है उस को अगर सरकार ने कुछ हल्का कर दिया है, तो उन को तो इस के लिये खुशी होनी चाहिये। मुझे तो अपने साथी की यह शिकायत सुन कर दुःख हुआ कि एक व्यक्ति जिस के हाथ में ९ करोड़ रुपये का काम था उस के जिम्मे अब छोड़े से लाख रुपयों का काम कर दिया गया है। मैं कहता हूं कि अगर उस की तनख्वाह में कमी कर दी गई होती तब तो उस के लिये रंज करने और शिकायत करने का मौका था लेकिन अगर उस का काम हल्का कर दिया गया तो बजाय उस के लिये शिकायत करने के उस को तो सरकार का अहसानमन्द (कृतज्ञ) होना चाहिये। इसलिये मैं तो कहता हूं कि जो लोग हमारे देश की उन्नति में जिस तरह के कार्य सरकार करती है, उन में बाधा पहुंचाते हैं वे एक तरह से हमारे उस काम में रोड़ा अटकाते हैं जो गांधी जी हम से कराना चाहते थे। हमारे वे साथी जिन के कि पास पूंजीवाद का समर्थन करने के लिये कोई ग्राउंड (आधार) नहीं है, जिन को कि जमींदारी प्रथा के खत्म हो जाने से दुःख हो रहा है, उन के लिये अब यही तरीका आलोचना करने के लिये बाकी रह गया है कि सरकार बनियागिरी करती है और सरकार इस तरह से उन से एक एक करके चीजें छीन रही है।

3 P.M.

सरकार के हाथ में अब यह काम जा रहा है। कुछ लोगों ने जो इस की आलोचना की है कि इस काम के सरकार के हाथ में चले जाने से अब इस के कर्मचारी जनता की खुशामद नहीं करेंगे, उन की चापलूसी नहीं करेंगे, तो मुझे तो उस से खुशी हुई है। मैं तो चाहता हूं कि हमारी जनता के अन्दर कोई भी आदमी केवल तनख्वाह पाने के कारण किसी की खुशामद न करे। हम को चाहिये कि हम उन लोगों को अच्छी तरह से इस बात को समझायें, उन के सामने अच्छी तरह से इस बात को रखें कि सरकारी कर्मचारियों के द्वारा किसी की खुशामद नहीं होनी चाहिये। हमारे साथी ने कहा रोडवेज सरकार द्वारा चालू करने से पहले जो बस कंडक्टर वगैरह होते थे, ड्रायवर होते थे, उन से यह आशा की जाती थी कि वे हमारे घरों पर बस को ले जायें, मालिक लोग यह चाहते थे कि वे उन के बच्चों को संभालें, उन का बोझ भी ढोयें और दूसरे काम करें और वे ऐसा करते थे अब नहीं करते। अगर आज बस कंडक्टर और बस ड्रायवर ऐसा नहीं करते तो यह हमारा सौभाग्य है। कम से कम आज वह दिन तो आया जब कि जो हमारी बसों पर काम करने वाले लोग हैं वह उतने ही इज्जत और स्वाभिमान रखते हैं जो कि देश का बड़े से बड़ा आदमी रखता है। जब हम देश को आगे बढ़ाना चाहते हैं, ऊपर ले जाना चाहते हैं तो यह कैसे संभव हो सकता है कि हम कर्मचारियों से यह आशा करें कि वह जनता की खुशामद या चापलूसी करें ?

मैं जानता हूं कि सरकार द्वारा किये जाने वाले कामों में बहुत सी कठिनाइयां और परेशानियां भी आती है, उन में से बहुत सी इस लिये भी आती हैं कि सरकारी कर्मचारी ठीक काम नहीं करते, लेकिन बहुत से आदमी नहीं, दो-चार ही ऐसे हो सकते है जो कि देश का काम करने वालों का, देश की सेवा करने वालों का विरोध करते हैं।

मैं बहुत अधिक विस्तार में न जा कर यही कहना चाहता हूं कि अब समय आ गया है कि हम सरकार को इस साहसपूर्ण कार्य करने के लिये बधाई दें। हमें इस बात का गर्व है कि हमारी सरकार ने ऐसे साहस का काम किया है और हम आशा करते हैं कि आगे चल कर वह और भी साहस का परिचय देगी। मेरे साथी ने सुझाव दिया है कि बीमा कार्य के लिये समितियां हर एक सूबे में बनाई जायें उन में विधायकों को रखा जाये। मेरी समझ में नहीं आता कि यह किसी प्रकार से सम्भव हो सकता है। अगर उत्तर प्रदेश में इस तरह की समिति बनाई जाये और वहां पर जो ८६ पार्लियामेंट के मेम्बर है, जो राज्य-सभा के सदस्य हैं तथा

[श्री दिगम्बर सिंह]

जो एम० एल० एज० हैं, उन सब को रखा जाये तो शायद उन की संख्या ५५० से भी अधिक हो जायेगी । इतने अधिक सदस्यों की समिति बनाने से वहां पर कार्य करना असंभव हो जायेगा । साथ ही समितियों का कोरम भी पूरा करना मुश्किल हो जायेगा । इस लिये इतनी बड़ी समितियां बनाना तो कठिन होगा । ये बड़े बड़े काम हैं उन को प्रजातन्त्रीय रूप देने से बड़ी-बड़ी कठिनाइयां और परेशानियां पैदा हो जाती हैं। इस प्रकार के कार्यों में हमें यह देखना चाहिये कि वहां पर काम ठीक और योग्य आदमियों के हाथों में हो । इन में तो यह भी सुझाव है कि रिटायर्ड हाईकोर्ट जज भी होंगे, जो कि काफी योग्य होंगे । फिर भी उन के कार्यों पर विचार करने का पार्लियामेंट को अधिकार होंगे तो फिर इस तरह का काम करने से क्या लाभ जिस से कि झंझट बढ़ जाये ? मैं तो इस विश्वास का हूं कि जो छोटे छोटे काम होते हैं उन में भी अगर हम डिमाक्रसी या प्रजातन्त्र का नाम ले आते हैं तो बहुत मुश्किलें पैदा हो जाती हैं । अभी तो हमारा प्रजातन्त्र प्रारंभिक अवस्था में है । जिस प्रकार से हम कालिज के विद्यार्थियों को भले ही बहुत सी बातों में छूट दे देते हैं और प्रोफेसर्स उन के कामों में बहुत अधिक हस्तक्षेप नहीं करते हैं, लेकिन जो प्राइमरी स्कूल के विद्यार्थी होते ह जिन को भले बुरे का अधिक ज्ञान नहीं होता है, उन पर कुछ सख्ती बरतनी पड़ती है, उसी प्रकार से अगर हम प्रारम्भिक प्रजातंत्र पर कुछ सख्ती नहीं करेंगे, उस को गलत मार्ग पर छोड़ देंगे और गलत बात कह कर गलत ढंग से कार्य करने की स्वतंत्रता दे देंगे तो उस का फल खराब होगा । आज आप गांवों में जा कर देखिये, बहुत से ऐसे सवाल हो सकते हैं जिन में प्रजातंत्रीय ढंग अपनाया जाये तो हानि हो सकती है । आप गांवों में जाकर आम लोगो की राय लीजिये कि यहां अछूतों को रक्खा जाये या नहीं तो शायद बहुत से ऐसे गांव हो सकते हैं जो कि बहुमत से यह तय कर दें कि अछूतों को निकाल दिया जाये । लेकिन यह बात ठीक तो नहीं हो सकती है । इस लिये उपाध्यक्ष महोदय. मैं कहता हूं कि सरकार और देश के अन्दर जो ढीली रीति नीति चला करती है, जो हम आज ज्यादा धीरे धीरे चल रहे हैं, उस को छोड़ कर इस तरह के कदम उठाने चाहियें जिनके उठाने से हमारे देश का भला हो और जो हमारे इस कार्य में सहायक हों ।

अन्त में मैं अधिक समय न लेते हुए मैं सरकार को और अपने वित्त मंत्री को बहुत बहुत धन्यवाद देता हूं कि उन्होंने इस कार्य को किया । मैं यह भी बधाई की योग्य कार्य समझता हूं कि हमारे वित्त मंत्री हर मामलों में, विशेष कर इस प्रकार के कामों में धीरे धीरे कदम बढ़ाते हैं किन्तु इसमें कुछ शीघ्रता की है । इस प्रकार से देश के सामने एक दृष्टान्त रख रहे हैं कि हम समझ बूझ कर कदम उठाने के साथ साथ शीघ्र कदम भी उठा सकते है । मैं समझता हूं कि देश के लोग विशेषकर देहात की अधिकतर जनता किसान, मजदूर इस मामले में आप के सहायक हैं । अगर कुछ थोड़े से लोग, जिन के स्वार्थों को हानि पहुंचती है, सरकार के साथ सहयोग नहीं करते हैं तो आप उस की परवाह न करें ।

सरदार इकबाल सिंह (फाजिलका–सिरसा) : उपाध्यक्ष महोदय, मैं सब से पहले फाइनेंस मिनिस्टर साहब को इस बिल को लाने के लिये और खास तौर पर इंश्योरेंस (बीमा) को नैशनलाइज (राष्ट्रीयकरण) करने के लिये बधाई देता हूं । इस बारे में मैं बहुत कुछ न कहते हुए इतना ही कहना चाहता हूं कि अभी यह काम आधा ही हुआ है । आप ने लाइफ इंश्योरेन्स (जीवन बीमा) को तो नैशनलाइज कर दिया लेकिन जब तक जेनरल इंश्योरेन्स को आप नैशनलाइज नहीं करेंगे उस वक्त तक यह काम मुकम्मिल नहीं कहा जा सकता है ।

इस सिलसिले मे मैं एक बात कहना चाहता हूं कि इस समय सब से ज्यादा जरूरत क्राप (फ़सल) और कैटल (पशु) इंश्योरेन्स की है । जब तक इन दोनों चीजों को नहीं लिया जाता है तब तक मैं समझता हूं कि यह इंश्योरेन्स शायद शहरों तक ही महदूद रहे तो रहे, लेकिन देहातों में नहीं पहुंच सकेगा । देहातों में इस को ले जाने के लिये इन दो चीजों की बहुत जरूरत है । लेकिन जब तक आप जेनरल इंश्योरेन्स को नैशनलाइज नहीं करते हैं तब तक क्राप इंश्योरेन्स और जेनरल इंश्योरेन्स, जिन की देश को सख्त जरूरत है, ख्याल ही ख्याल रहेगा, वह कभी भी मुकम्मिल नहीं हो सकते हैं । इस लिये मैं समझता हूं कि इस बिल के स्कोप (क्षेत्र) को गवर्नमेंट को बढ़ाना चाहिये और एक साल के बाद जल्दी से जल्दी जेनरेल इंश्योरेन्स को नैशनलाइज कर के क्राप इंश्योरेन्स और कैटल इंश्योरेन्स को अमल में लाने के लिये कदम बढ़ाना चाहिये । यह मैं इस लिये कह रहा हूं कि जो इंश्योरेन्स कम्पनियां हैं उन के हाथ से जब लाइफ का काम निकल जायेगा तो वह उन्हीं चीजों पर ज्यादा तवज्जह

देंगी जो उनके लिये ज्यादा लाभदायक होगी, इस लिहाज से कि कहीं दूसरे व्यापार जो वे करें वे भी न नेशनलाइज हो जायें। उन के लिये जो सब से ज्यादा लाभदायक काम होगा वह मोटरों और फायर का इंश्योरेन्स होगा। इस लिये वह कैटल और क्राप इंश्योरेन्स की तरफ तो कभी ध्यान भी नहीं देंगे। वह कोई भी ऐसा काम नहीं करना चाहेंगी जिस में उन को नुक्सान होने का अंदेशा (डर) हो। जब कभी कोई नया काम शुरू किया जाता है, तो उस में कभी कभी तो नफा होता है और कभी कभी घाटा भी हो सकता है, इस लिये इन दो नई लाइनों को शुरू करने के लिये प्राइवेट कम्पनियां कभी भी आगे नहीं आना चाहेंगी। इसलिये आप को एक अलहदा डिपार्टमेंट बना कर इन दो इंश्योरेन्सों को चलाना होगा, लेकिन इस के लिये जरूरी है कि आप पहले जनरल इंश्योरेंस को नेशनलाइज करें।

अब मैं इस बिल के बाबत कुछ कहना चाहता हूं और वह यह है कि यहां पर एक कारपोरेशन बनाया जा रहा है। मैं जानता हूं कि लाइफ इंश्योरेंस के लिये कारपोरेशन बनाने की वजह यही थी कि सरकार जानती थी कि जो धन इंश्योरेंस कम्पनियों में था वह उन कामों में लगाया जाता था जिन का बहुत ज्यादा फायदा जनता को नहीं पहुंचता था। अब सरकार के सुपरविजन (देखरेख) में इन फंडस को देश की बहबूदी (कल्याण) की स्कीमों में इस्तेमाल किया जायेगा उन कामों में इस्तेमाल किया जायेगा जो देश की तरक्की के लिये ज्यादा फायदेमंद साबित होंगे। मेरा यह नुक्ता नजर (दृष्टिकोण) है कि इंश्योरेंस के लिये एक बहुत बड़ी फील्ड (क्षेत्र) देहातों में है। और जरूरत है कि उस फील्ड में इंश्योरेंस को आज ज्यादा बढ़ाया जाये। लेकिन मैं समझता हूं कि जब तक एक कारपोरेशन ही रहेगा जिस को कि आप बनाने जा रहे हैं, उस वक्त तक कोई कम्पिटीशन (स्पर्धा) पैदा नहीं हो सकता। जब कोई मानोपली (एकाधिकार) आती है तो खर्च तो बढ़ता जाता है लेकिन बाज वक्त ऐसा होता है कि जो मानोपली की अच्छाइयां होती हैं वह पीछे पड़ जाती हैं और उन की बुराइयां आगे आ जाती हैं। इसलिये मैं गवर्नमेंट से कहना चाहता हूं कि अगर आप को कारपोरेशन बनाना ही है तो एक कारपोरेशन तो वह बनायें जो कि आप बनाने जा रहे हैं, लेकिन उस के साथ साथ आप एक रूरल इंश्योरेंस कारपोरेशन (ग्राम बीमा निगम) भी बनाइये जो कि सिर्फ इस बात पर कंसेन्ट्रेट (ध्यान) करे, इस नुक्ता नजर को सामने रखे कि उस को देहातों में जा कर इंश्योरेंस को बढ़ाना है और कर्जा देना है। यह कारपोरेशन पहले तो गवर्नमेंट के कामों के लिये रुपया देगा, उस के बाद जो कुछ बचेगा उस रिजर्व फंड (रक्षित निधि) से वह उन लोगों को कर्जा देगा जिन की बड़ी-बड़ी इंडस्ट्रीज चल रही हैं। उस के साथ जो दूसरा कारपोरेशन हो जो कि देहातों में काम करेगा वह उन लोगों को मदद करेगा जो कि देहातों में रहते हैं। इस तरह से देहात के लोगों को पता चलेगा कि वह लोग जो इंश्योरेंस करवा रहे हैं उस से जो रुपया जमा होगा वह लाजिमी तौर पर उन स्कीमों पर खर्च होगा जो हिन्दुस्तान के देहातों के लिये लाभदायक होंगी। मेरा तो यह नुक्ता नजर है कि देहातों में एक बड़ा फील्ड है जिस के लिये हमारे फाइनेंस मिनिस्टर ने भी कहा कि एक अन्नोन (अज्ञात) फील्ड है, वहां पर इस काम को बढ़ाने की जरूरत है। लेकिन इस के लिये यह जरूरी है कि वहां के लोगों को यह मालूम हो कि जो रुपया हम देंगे वह या तो सरकार की भलाई की स्कीमों पर कर्ज के तौर पर खर्च होगा या फिर उन स्कीमों पर लगेगा जिन से देहातों का सीधा ताल्लुक है।

इस के साथ ही मैं यह भी कहना चाहता हूं कि आप कोआपरेटिव बैंक बना रहे हैं और मैं समझता हूं कि इन कोआपरेटिव बैंक्स के जरिये से आप बहुत सी स्कीमें देहातों में चला सकते हैं। अगर आप रूरल इंश्योरेंस कारपोरेशन या ऐसी ही कोई कारपोरेशन जो कि देहातों के अन्दर ही काम करे, उन को इन स्कीमों के चलाने की जिम्मेदारी सौंपेंगे तो आप अवश्य कामयाब होंगे और आप बहुत अच्छे नतीजे निकालने की आशा कर सकते हैं। इस का फायदा यह होगा कि देहाती लोग बहुत ज्यादा तादाद में इंश्योरेंस करायेंगे। जो नजरिया (दृष्टिकोण) आप का है कि देहातों में इस चीज को फैलाया जाये उस में आप को कामयाबी तभी मिल सकती है अगर आप कोई रूरल कारपोरेशन की स्थापना करें। इस लिये, डिप्टी स्पीकर साहब, मैं आप के जरिये से यह कहना चाहता हूं कि एक कारपोरेशन रखने के बजाय अगर ज्यादा नहीं तो कम से कम दो कारपोरेशन जरूर रखी जानी चाहियें। जो रूरल कारपोरेशन होगी वह देहातों में जो स्कीमें चलाई जायेंगी, चाहे वे बड़ी हों या छोटी, स्माल स्केल इंडस्ट्री (छोटे पैमाने के उद्योग) हो या काटेज इंडस्ट्री (कुटीर उद्योग) जो भी देहात

[सरदार इकबाल सिंह]

में स्कीम या इंडस्ट्री चलाई जायेगी उस को कर्जा देगी । इस से आप जो काटेज इंडस्ट्री को या स्माल स्केल इंडस्ट्री को देहातों में बढ़ावा देना चाहते हैं उस में भी कामयाब होंगे । आप जानते ही हैं हमारा मुल्क तब तक तरक्की नहीं कर सकता जब तक कि देहाती इलाकों में स्माल स्केल इंडस्ट्रीज को, काटेज इंडस्ट्रीज को बढ़ावा नहीं दिया जाता और उन को चलाने के लिये कर्जा का बन्दोबस्त नहीं किया जाता । यह काम बड़ी आसानी से इस कारपोरेशन को सौंपा जा सकता ह । इस के जरिये से देहाती इलाकों में कर्ज देने का काम किया जा सकता है । इस के लिये मैं फिर कहता हूं कि अगर ज्यादा नहीं तो कम से कम दो कारपोरेशन्स जरूर बनाई जायें । आप का जो मकसद नेशनलाइज करने का है वह एक कारपोरेशन के निर्माण से हल नहीं हो सकता है । इस लिये मैं प्रार्थना करता हूं कि आप अवश्य दो कारपोरेशन बनायें ।

Mr. Deputy-Speaker: The hon. Member has to conclude by 3-15.

सरदार इकबाल सिंह : इस के साथ ही मैं एक बात और कहना चाहता हूं और वह यह है कि जो कारपोरेशन बनायेंगे उस में आप ने कहा है कि १५ मेंबर होंगे । मैं प्रार्थना करता हूं कि इन में से कुछ ऐसे आदमी भी लिये जायें जो कि देहातों की नुमाइंदगी करने वाले हों ताकि यह कारपोरेशन देहाती तौर पर सोचने के काबिल हो सके और देहातों में इस को फैलाने की बात को आसानी से सोच सके और क्या देहातियों की जरूरियात होती हैं उन को अनुभव कर सके । जिस नुक्तेनजर (दृष्टिकोण) से आप ने इंश्योरेंस को नेशनलाइज किया है उस में आप कामयाबी तभी हासिल कर सकते हैं जब आप देहातों के कुछ नुमाइंदे भी इस में रखें । मैं ने देखा है कि जो सिंधरी फरटिलाइजर फैक्टरी है उस में जो मेंबर लिये गये हैं वे शहरी लोग हीं लिये गये हैं जिन को यह फिक्र नहीं है कि खाद की कीमत घटती है या बढ़ती है और उन का जो नजरिया ह वह देहाती नहीं है हालांकि खाद का ज्यादा तर इस्तेमाल देहातों में ही होता है । इस वास्ते यदि आप चाहते हैं कि इन्श्योरेंस को देहाती इल कों में भी ले जाया जाये तो यह जरूरी है कि इस में आप ऐसे आदमी भी लें जो कि देहातों की नुमाइंदगी करते हों । चाहे आप जोनल काउंसल्ज (क्षेत्रीय परिषदें) बनायें, चाहे जोन (क्षेत्र) बनायें, या यह जो अशोक मेहता साहब ने कहा है कि एक नेशनल काउंसल (राष्ट्रीय परिषद) बनायें, चाहे यह बनायें लेकिन इन सब में आप ऐसे आदमी जरूर लें जो कि देहातों की नुमाइंदगी करते हों ।

एक और बात जो मैं कहना चाहता हूं वह यह है कि आप खर्च को कम करने का अवश्य यत्न करें । आप को पूरी कामयाबी तब तक नहीं मिल सकती जब तक कि आप खर्चे को कम नहीं करते । मैं चाहता हूं कि जो लोग इस वक्त मुलाजिम हैं उन को रखा जाए और उन को निकाला न जाए । लेकिन आप को यह भी जरूर देखना चाहिये कि जो लोग जितनी काबलियत के मालिक हैं उन को उस के मुताबिक ही तनख्वाह दी जाए । मैं जानता हूं कि बहुत से लोग कम्पनियों ने ऐसे रखे हुए थे जिन को कि नाजायज तौर पर तनख्वाह ज्यादा दी जाती थी । जब तक आप खर्च को कम नहीं करेंगे तब तक आप का जो मकसद (उद्देश्य) है उस में आप को कामयाबी नहीं मिलेगी । कम्पनियां ऐसे आदमी भी रख लेती थीं जिन को कि वह फेवर (पक्ष) करना चाहती थीं और न कि इस लिये कि वे इंश्योरेंस को बढ़ावा देने के लिये उन्हें रखती थीं । इस वास्ते मैं चाहता हूं कि हर एक आदमी को उस की काबलियत के मुताबिक ही तनख्वाह दी जाए और इस तरह से जो खर्चा है उस की कम किया जाये ।

आखिरी बात मुझे कम्पेसेशन के बारे में कहनी है । मैं चाहता हूं कि गवर्नमेंट कोई एक यनिवर्सल पालिसी (व्यापक नीति) कम्पेंसेशन (प्रतिकर) के मुताल्लिक बनाये और जब भी कोई व्यापार वह अपने हाथ में ले, उसके मुताबिक ही वह कम्पेंसेशन दे । हर एक केस (मामले) में अलहदा अलहदा कम्पेंसेशन देने का मतलब यह होता है कि किसी आदमी को ज्यादा कम्पेसेशन दे दी जाती है और किसी को कम । मैं यह नहीं चाहता हूं कि आप कोई रिजिड पालिसी (सख्त नीति) बना लें और हमेशा ही उसी के मुताबिक चलें और उसी के मुताबिक ही हमेशा कम्पेंसेशन दें । मैं चाहता हूं कि कोई उसूल बना लेने चाहियें और उन्हीं के मुताबिक कम्पेंसेशन भी दी जानी चाहिये । इस केस में मैं यह महसूस करता हूं कि कम्पेंसेशन बहुत ज्यादा दी जा रही है । मैं यह नहीं कहता कि जब जमींदारों की जमीनें भी ली जायें उन को भी उसी ढंग से कम्पेंसेशन दी जाए जिस ढंग से कि शहरों में इंडस्ट्रियालिस्टस (उद्योगपतियों) को जो कि करोड़ों के मालिक होते हैं उन को दी जाती है । इन लोगों को जो आप कम्पेंसेशन देते हैं वह बड़ी दरयादिली (उदारता) से देते हैं । इस वास्ते मैं चाहता हूं

कि एक पालिसी होनी चाहिये कि जब भी आप कोई व्यापार या कोई काम अपने हाथ में लें तो नेशनल कम्पेंसेशन स्कीम (राष्ट्रीय प्रतिकर योजना) के मुताबिक ही कम्पेंसेशन दें ।

The Minister of Finance (Shri C. D. Deshmukh): Mr. Deputy-Speaker, since both Houses have already passed the Life Insurance (Emergency Provisions) Bill which involved the acceptance of the principle of nationalisation, one might say that the principle of this Bill also stands accepted. And in that view it is hardly necessary for me to traverse at length all the arguments that have been advanced in the course of the present discussion.

In connection with that previous legislation there is a small point which Shri Gopalan has raised, which does not arise here in connection with this major Bill, and that was about the appointment as Custodians of persons who had expressed themselves against nationalisation. It is such a small and personal point that I am surprised it has been raised again. But I have looked into the facts of the situation. Actually there were, I think, only a couple of Custodians who had at one time or the other occasion to express themselves on this question of nationalisation. I believe in one case the statement was made in 1946, and in another the statement made did not amount to opposing nationalisation as such. I should like to assure the House, although all the Custodians will go as soon as this Bill comes into effect, that none of the Custodians have now any doctrinaire dislike of nationalisation. Indeed, they are all enthusiastic about their new task and they are giving Government the fullest of co-operation.

Many of the points raised here are points for the Select Committee to take into consideration. Many others seem to be intended for the guidance of the future Corporation or any other arrangements that might be made in its place.

There are also some points which have been repeated in spite of the fact that I gave Government's reasons why we have adopted certain arrangements, as for instance, one corporation or many corporations, the question of monopoly, etc. Here again, the pros and cons will be before the Select Committee and it will be for them to come to a conclusion on the issues.

Shri N. C. Chatterjee, following, as it were, a Member of the Rajya Sabha has suggested that the malpractices were permitted to thrive only because of slackness of the administration. That reminds me of the attitude which was, according to vidushaka, adopted by Dushyanta in Sakuntala. When he was very tired after the chase, the king asked him why he was tired. Madavya (vidushaka) replied :

कुतः किल स्वयमक्षिणी
आकुलीकृत्याश्रुकारणं पृच्छसि ।

'You poke your fingers in my eyes and ask me why I am shedding tears'. It seems to me that the attitude taken up by the private sector is almost exactly similar. In any case, not many illustrations have been given of the way in which there was slackness in the administration. Indeed, it was only after the decision to nationalise was announced that for the first time we heard that the Controller of Insurance was neither strict nor adequate. No Chamber of Commerce, or industrialist or businessman has been known until now to have complained of slackness of Government control. There is an executive committee composed of representatives of life insurance companies and the only officials on that committee are the Secretary of the Department of Economic Affairs and the Controller of Insurance. The main object of this Committee is to seek ways and means of improving the standard of the conduct of life insurance business. At no time has this committee complained of slackness of control. On the other hand, their complaint, if any, had been that there was too much of control. In fact, there never has been slack control so far as insurance is concerned, although we have admitted that in the case of company law, the administration was not all that could be desired. The great difficulty in the case of insurance and the method of control is that it can achieve its maximum result and function most effectively only if those whom it sets out to control behave in a fully co-operative manner. That co-operation has not been forthcoming whatever anybody might say today.

Even at the risk of repetition, let me again state that the life insurance industry itself was not desirous of making any efforts to put its house in order. Then, no control, however vigilant or however efficient, could have stopped the kind of malpractices that I had occasion to mention. I must give you a

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few illustrations to show how external control can be rendered powerless. One insurance company purchased a certain building from another concern under the same management at a price of Rs. 1 crore. The company had not one, but two certificates from valuers to support the price paid. But, later when a searching investigation was made, it turned out that the price was excessive. Again, loans to companies under the same management are prohibited by the Act. But, several companies had found ingenious ways of circumventing this provision. Instead of giving a loan, shares belonging to another company that needs loans are bought earlier in the year and at the same time, a contract is entered into for resale of these shares to the same company at an agreed figure, and the sale is to be at the end of the year. Surely, the House will agree that, in fact or in effect, this is a loan. How is the Government to know that investment in shares is nothing but a cloak for a loan? Then the board of directors of an insurance company followed the practice of handing over considerable amounts of money to the directors for investment. These moneys remained in the hands of the directors for quite a length of time. Later, during the course of the investigation into the affairs of that company, the investigating auditor came to the conclusion that the arrangement constituted the giving of a loan. Yet, the Controller could never have stopped these arrangements because these transactions were not shown in the returns at all. The amounts lying with the directors were shown as amounts in the custody of the companies. Even if the department had come to know of this arrangement and had objected to it, I am sure that these very people would have turned round and said that it was an unnecessary interference with management. There is the usual practice of speculating with the funds of insurance companies on the principle of heads I win and tails you lose to which I made a reference in the earlier speech. I say usual because, that this practice is common is brought out by the financial journal from which I read an extract the other day. Again, I would remind you of the instance I gave of debentures floated for the express purpose of their being foisted on insurance companies under the control of the management. The insurance companies were, as I said, at that time the only subscribers. These are only a few illustrations of the type of malpractices which characterise the working of many insurance companies. All these instances relate not to the small or bad companies, but to companies which had well known boards of management. It is difficult to say with what kind of strictness the Controller could have stopped them before these malpractices occurred. The Controller can only act on the basis of information which he derives from the statutory reports, certified in the prescribed manner by the board of directors and auditors and if necessary supported by certificates of valuers. Only where an analysis of the returns reveals an irregularity or malpractice can he act. Whatever may be said today by my friends, they would all have opposed with the utmost vehemence any proposal made by me that the Controller should be given the additional authority he would have needed to prevent the types of malpractices I have indicated above. For instance, I would have had to ask the House to authorise the Controller to appoint an officer within an insurance company to supervise every single transaction of investment if the Controller felt,—just felt—that he could not trust the management. I could have even asked that power be given to him to appoint a Chairman, a managing director of his own choice or of the Government's choice wherever he felt that such a course was necessary. In fact, the degree of control that would have vested either in the Government or in the Controller would have been so extensive that I am sure certain of my friends would not have welcomed such a proposal at all. But, as I pointed out, all this is really not very material because, as some of the speakers towards the end have pointed out, this step has been taken not only on account of malpractices, but on account of many other weighter reasons: our philosophy in this matter, the requirements of the Plan, the necessity of giving absolute security to the policy-holders and the desirability of spreading insurance to the rural areas. That is all I need say in regard to nationalisation except perhaps to debunk this particular claim also that it was highly creditable on the part of the private Indian insurers to have achieved a big increase in new business between the years 1938 and 1954. There has no doubt been a significant increase in business during the period referred to, but while considering this record one must bear in mind whether the increase has been effected at a reasonable cost and whether it has been or has not been accompanied by

undesirable practices, and finally how it compares with the experience of other countries. During the same period, the renewal expense ratio of the best managed companies has been steadily going up. So, the expansion has not been an achievement of unmixed merit. The significant increase in 1954 was due to a considerable extent to the substantial reduction in the premium rates. In the craze for new business many companies went to the extent of encouraging their old policyholders to lapse their policies and to take out new policies to take advantage of the reduced rates. As the President of the Life Offices Association himself remarked, they had the pleasure of re-writing old policies. This practice which is known as "twisting" brought benefit neither to the companies nor to the policyholders. Part of the increase was also due to the introduction of staff schemes. They were staff schemes only in name. These schemes were accompanied by so many malpractices that the industry itself decided to end such schemes.

While judging this increase—this alleged increase—in new business, one must remember that the War and the post-war inflation was much greater and the contribution to the war effort relatively less in this country than in many other countries. If, therefore, we ignore the period between 1935 and 1946, the increase in business is only of 36 per cent, the lowest for all advanced countries for which information is available. In fact, countries like Japan, Italy, France and Turkey which are also as poorly developed in the matter of insurance as India, showed increases ranging from 197 to 547 per cent.

Then, certain hon. Members have referred to the necessity of considering the nationalisation of general insurance and starting cattle insurance and crop insurance and setting up a separate corporation for rural insurance, health insurance and what not. All these are very stimulating ideas, but I think Government should be given some time to digest them, work them out to see what their implications are, and, as the Speaker has already ruled, so far as this Bill is concerned, its scope cannot be expanded to accommodate the working out of ideas of this kind. So that, if I ignore this, it should not be taken as proof of lack of sympathy with the objectives of those who have made these suggestions, but I repeat these are very difficult questions so far as cattle insurance and crop insurance are concerned, and I doubt whether in our country conditions exist today which would make it possible to establish such institutions on any but a pilot or experimental basis.

Then, there was the point made....

Shri A. M. Thomas (Ernakulam): Will not nationalisation of motor insurance, which is sort of compulsory insurance, be the most easy and the most simple one?

Shri C. D. Deshmukh: I imagine so. I have not included that in this cattle insurance, health insurance and crop insurance. I have no doubt that once the Corporation gets into its stride, it will cast its eye on any other form of insurance which could be taken over, but I do not wish to threaten and I do not wish to prognostigate. It will be for the Corporation to find out what its strength is, what its capacity to bear other kinds of business is.

I referred to co-operative insurance companies because it was suggested that they should be allowed to continue to do business. You will remember that an amendment to this effect was moved in this House as well as in the Rajya Sabha while considering the Life Insurance (Emergency Provisions) Bill, and the amendment was rejected. I myself think it was out of place in connection with that Bill. Anyway, the reasons for the rejection are good, and they were, firstly, that nationalisation can achieve best results only if the scheme is a monopoly. It would not, therefore, be appropriate to allow a section of insurers to continue in business. The other one was that only a nationlised scheme can guarantee complete security to the policyholders. We should not expose even a section of the insured population to possible loss under their policy contracts. Co-operative insurance societies cannot afford complete security which the State alone can. The third reason was that exempting co-operative societies would mean discrimination between different classes of insurance companies.

That brings me to this question of monopoly on which, notwithstanding what I said before, many speakers have made observations. I can only repeat

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that as things stand in this country, whatever the experience of other countries might be, it is not possible for the State to compete on level and fair terms with the private operators. We have found that out by bitter experience in managing a certain number of companies which we have had to take over under the Insurance Act. Therefore, there is no room for co-existence in this particular sphere. Peaceful or otherwise there cannot be any co-existence here.

A point was made by Shri Asoka Mehta that foreign insurers who ceased operations in India before 1938 and to whom the provisions of the Insurance Act do not apply should also have been brought within the scope of the Bill. When in 1938 the Insurance Act was enacted an assurance was given to foreign insurers that such of them as wanted to stop new business in India could do so and that in that event the Act would not apply to them. Not more than half a dozen companies availed of this concession. This was in 1938. By virtue of section 2 (e) of the Act, they were exempt from the Act. They do not submit any accounts, nor are they required to hold assets in India, not even a deposit. It would, therefore, be impracticable in our opinion to take over the business of these companies also as there is no guarantee that sufficient assets would be available in India to meet the liabilities owed to the policyholders. The interests of the policyholders, therefore, would be best served by leaving them to be looked after by the companies with which they were insured and about whom no complaints have been made by the policyholders. Also, since no new business has been done in India by these companies since 1938, the business in force must be comparatively small.

Then there was another point in regard to the scope of business,—and that was raised by the same speaker,—namely, that just as all policies issued on the lives of foreigners are being repatriated, we should take steps to transfer to the Corporation all policies taken out by Indians on foreign companies outside India. On reflection, the hon. Member will find that his suggestion is not practicable. Indian business of foreign companies is already being taken over, but as regards policies taken over by Indians with foreign companies as part of the non-Indian business, they could not be repatriated as we have no control over that business. In other words, it is open to us to agree to an arrangement, but insurance is not being nationalised in the other country, and unless that other country makes a similar gesture, there could not be any reciprocity in this respect.

There has been a general point made that we should extend business into the villages. One could have no quarrel with such a suggestion. But I doubt whether it could be implemented in the manner suggested by the last speaker, namely by the establishment of a separate corporation. It seems to me that that would be concentrating too many new risks, or risks of a new business, in one corporation, and that our present scheme is much the better one, of trying to amalgamate all this business and trying to spread the habit of insurance into the rural areas.

The next point raised was that contracts should not be reduced even in the case of insolvent companies. I have dealt with this point in my opening speech, and I had assured the House that while I could give no definite commitment, I would treat the policyholder generously. So, the House may rest assured that we shall take every possible step against delinquent persons who have misappropriated policyholders' money and thus we shall place ourselves in a position to the best that we can, for the policyholders.

As regards the suggestion that the shareholders of such companies should not get any compensation, we do not understand how this question can arise at all, because by definition, these companies have not anything left returnable to the shareholder. Policyholders are creditors, and their contracts can be reduced only after appropriating the moneys of the shareholders to the full.

There have been suggestions made in regard to the investment policy of the corporation. All I can say at present is that the corporation will be guided by the advice given to it by the investment committee which will be constituted for this purpose, and on which there may be, besides the members of the corporation, others who have expert knowledge of the subject. It is our intention to indicate in a broad manner what type of investment the corporation should avoid, and which particular types of investment it should view with favour. The investment in ventures es-

tablished in pursuance of the Plan would be given preference over others, and the investment policy would be governed in the main by major considerations such as the interests of the policyholders, and the interests of the development envisaged in the Second Five-Year Plan and subsequent Plans.

In this connection, I would refer to the observation made by certain Members that the money collected in the rural areas should be spent for the development of the rural areas. I think that shows some kind of dimensional error, because the moneys that we are likely to collect are going to be very much smaller than what we are spending today on the rural areas. All our investment in irrigation works, minor irrigation works, improvement of agriculture, community projects, national extension service, local development works, rural social welfare projects and so on, is for the betterment of the rural areas, and against all these dimensions, what we might recover at least in the period with which we are immediately concerned, would be like a drop in the ocean. Therefore, I do not think that there is anything to be gained by making this artificial distinction.

One Member enquired as to the investment of the insurance companies in the shares of the Industrial Credit and Investment Corporation in India. All the investments of the insurance companies will undoubtedly be reviewed by the corporation, and suitable action will be taken to dispose of such investments as are unlikely to be profitable or are in conflict either with undertakings given or with broad policy.

In so far as the investment in this particular corporation is concerned, possibly the point that the hon. Member has in mind relates to the assurance given by us that it will not interfere with the management of that body. That certainly still remains the policy of Government, and this policy will not be affected by Government having become almost as it were by accident the possessor of quite a significant shareholding in that corporation.

A suggestion has been made that there should be an all-India National Insurance Council. I cannot say that we have any strong views for or against this suggestion, and it will be for the Select Committee to give some deeper thought to this.

Many speaker have devoted their observations to the way in which the corporation should run its affairs, that is to say, how it could combine the advantages of both autonomy and coordination. Shri Asoka Mehta has suggested that relatively little attention appears to have been paid to organisational problems like this as compared with the problem of compensation. That a proportionately greater part of my speech was devoted to this question should not be taken to mean that some thought has not been given to this organisational problem. In fact, the highest priority has been given to this question right from the outset. And if we have indicated the organisation of the corporation only in broad outline, it is not so much due to lack of thinking but because the detailed consideration of the large number of inter-connected problems indicated that rigidity should at all costs be avoided, and I think in this most hon. Members are agreeing. We feel that the corporation's discretion should not be fettered in any way by definite decisions on a number of problems in regard to which statutory prescription could result in a lack of flexibility, making the already difficult task of the corporation much more difficult.

We are all agreed that the corporation is to be an autonomous body run on strictly business lines. Whether one agrees with the word 'commercial lines' or others is a matter that can be considered in the Select Committee.

The central office of the corporation would be primarily concerned with the formulation of policies relating to major matters like premium rates, investment policy, staff regulations, conditions of service, internal audit and inspection, with a view to maintaining a degree of uniformity in the working-standards of the zonal organisations. These organisations will be autonomous also within the sphere of the duties assigned to them. They will be concerned with the actual procurement of business, development, planning and review, valuations, recruitment, training of staff, supervision of divisional offices etc. The corporation's autonomy would be limited only by the directions which Government would give from time to time. And I find it difficult to agree here with Shri N. C. Chatterjee that we should try and specify the subjects on which such directions could be issued. I think the executive owes it to this

[Shri C. D. Deshmukh]

House that there should be no fetter on its power of issuing proper policy directives to the corporation. The Government must retain the right to guide the Corporation as to the lines on which the business of life insurance is to develop, because the issues involved are far wider than what can be encompassed by the specific duties of the Corporation. Now, it is not the intention to interfere with the day to day working of the Corporation, unless it is found that the Corporation is disposed to proceed along lines which are in conflict with the broad public policies approved by Government. So our approach is very much on the lines suggested by hon. Members, namely, maximum delegation of powers, conferring of maximum autonomy at all levels and at the same time making arrangements for ensuring an adequate degree of coordination.

There was some question about the specification of the composition of the Corporation: I have not yet received any indication of a scheme, although hon. Members have suggested that policyholders should be represented, employees should be represented, the field workers should be represented, indeed, one Member went to the length of saying that all MPs and presumably all MLCs and others, should be represented either at the central level or at the State levels. But I feel that that is merely a counsel of perfection. I should be reluctant to heaping these additional responsibilities on Members of Parliament and legislators who are already hardworked. I doubt whether a body so constituted could work very well in discharging its day to day business. That does not mean that it will not be open for members of legislatures to spread the gospel of thrift and insurance in the countryside and in their constituencies.

I dare say that the Select Committee will try to grapple with the question of whether it is desirable to lay down specifically the categories of people who should form the Corporation. If I might make a guess, it will probably come to the conclusion that it is better to leave the matter open, at least for the time being, till we gather a little more experience. As you are aware, it is not a question so much of defining categories as of grabbing the bodies, that is to say, of getting the right kind of personnel to man both the central Corporation and the Advisory Committees of the zonal bodies.

There was a suggestion that there should be as many zones as there are States. We feel that too many zones would create difficult problems of coordination. On the whole, taking all factors into consideration, we might make a beginning in the way I have stated, namely, with four zones. Each of these will have under it a number of divisional offices. The territory of these divisional offices may coincide with the State's boundaries. There may conceivably be more than one divisional office in a State. But if the business in a zone expands beyond the point where it could be managed satisfactorily by a single zonal office, there is nothing to prevent the Corporation from having more zonal offices, not zones, Provision for creation of additional zonal offices is already contained in the Bill.

Many hon. Members have, I think rightly, been concerned about the employees and the terms and conditions of their pay. I think, as you yourself had occasion to point out, there is a certain amount of misunderstanding in regard to clause 10. It preserves the *status quo* till the Corporation takes a view. Subclause (2) is really meant to deal with these abnormal cases—some of them have already come to our notice—of obviously excessive pay. I do not believe that the process of rationalisation holds any threat to the normal or ordinary employee of the Corporation. It is our desire to see that all the staff that we have is gradually absorbed in expanding business rather than to retrench now and try and get hold of these experienced people afterwards when, as we hope, business will expand.

In regard to the details of appointment of a Pay Commission and so on and so forth, I think these matters had best be left to the Corporation itself. Similarly, I do not think it is right or desirable that the grading of the staff should be done by the Union Public Services Commission.

As regards the field workers, obviously it could not be our intention to dispense with the services of all agents. But there may be room for difference of opinion in regard to the utility of some sections or some category of agents. These are matters into which the Corporation will have to go very carefully. I do not think it could be the claim of most hon. Members that no retrenchment should be executed at any cost,

because if we are not getting work for the money that we are laying out, then I do not think we shall be doing a very good turn to the policyholders whose interest must be supreme so far as we are concerned.

Then there was a question about the work to be allotted to the tribunal. Now, apart from clauses 13 and 14, this would mean scrapping the provisions relating to compensation given in the Schedule, and we believe that it could result in endless disputes and delay in the payment of compensation. Laying down the principles of compensation in the Bill itself would not only be fair to everyone but will also give Parliament an opportunity of endorsing the principles of compensation. Alas, these matters are so complicated that there is no single or uniform principle that can be applied in giving compensation for banks, insurance companies, land acquisition and various other things. Each matter has to be decided on its merits.

We have already given our justification for the scheme for payment of excess assets and compensation to foreign insurance companies. The compensation is paid not for the loss of paid up capital but for loss of future earnings from insurance companies.

[MR. SPEAKER *in the Chair*]

Lastly, there are small points about rules not being operative until Parliament has an opportunity of examining them. We feel that if the rules have to be approved by Parliament before they become operative, it might unduly delay the setting up of the Corporation. I might add that the rules framed under the Insurance Act do not require to be approved by Parliament.

A suggestion has been made that the application of the provisions of the Insurance Act, 1938, should not be left to Government and that Parliament should decide which provision should apply; indeed, one Member seemed to be under the impression that it was the Corporation which was going to decide this. If he will read the section again, he will find that it is the Government which decide. It is our intention to discuss this matter informally at the Select Committee with a view to arriving at decisions as to the sections which should be made applicable to the Corporation.

Last of all, I shall think there is a kind of timidity on the part of hon. Members in regard to this whole business of nationalisation.

कृत्ययोर्भिन्नदेशत्वाद्वैधी भवति मे मनः

Their mind is torn between hesitations and they seem to be like the *bhramar* in *Shakuntalam* who, when he was facing a *kund* flower which had somewhat frozen.—

भ्रमर इव विभाते कुन्दमन्तस्तुषारं ।
न खलु परिभोक्तुं नैव शक्नोमि हातुम् ।

They do not wish to go forward, yet they do not wish to leave it alone. My advice is that they should go ahead with a spirit of courage.

Mr. Speaker: The question is:

"That the Bill to provide for the nationalisation of life insurance business in India by transferring all such business to a Corporation established for the purpose and to provide for the regulation and control of the business of the Corporation and for matters connected therewith or incidental thereto, be referred to a Select Committee consisting of Shri B. G. Mehta, Shri Syamanandan Sahaya, Shri Anirudha Sinha, Shri S. K. Patil, Shri Shriman Narayan, Shri C. P. Matthen, Shri Feroze Gandhi, Shri Radhelal Vyas, Shri Raichand Bhai N. Shah, Shri Upendra Nath Barman, Shri Bimalaprosad Chaliha, Shri S. R. Telkikar, Shri R. Venkataraman, Shri Tek Chand, Shri T. N. Singh, Shri Tekur Subrahmanyam, Pandit Krishna Chandra Sharma, Shri R. R. Morarka, Shri G. L. Bansal, Shri M. D. Joshi, Shrimati Sushama Sen, Shri S. R. Rane, Shri V. B. Gandhi, Shri B. R. Bhagat, Shri Sadhan Chandra Gupta, Shri K. Ananda Nambiar, Shri Tushar Chatterjea, Shri K. M. Vallatharas, Shri M. S. Gurupadaswamy, Shri K. S. Raghavachari, Shri Tulsidas Kilachand, Shri U. M. Trivedi, Shri G. D. Somani, Shri R. Velyudhan, and the Mover with instructions to report by the 16th April, 1956."

The motion was adopted.

Mr. Speaker : I appoint Shri B. G. Mehta as Chairman of the Select Committee.

4 P.M.

LEAKAGE OF BUDGET PROPOSALS

Mr. Speaker: The House will now take up this discussion under Rule 212, of which notice has been given by Dr. Lanka Sundaram. Two and a half hours have been allotted. I will allow Shri M. C. Shah, Minister, to make a statement and thereafter the discussion will begin.

The Minister of Revenue and Civil Expenditure (Shri M. C. Shah): Sir, with your permission I will make a statement. On the last three occasions when the matter was raised in this House, I was not present here in the Lok Sabha as I was busy in the Rajya Sabha. I feel, therefore, that I owe it to the House to tell it how the information was received by me and what steps I had taken subsequently.

I was in Bombay on the 29th February. After lunch, at about 2 p.m. when I was preparing to leave for the office of the Commissioner of Income-tax, where I had fixed a discussion with the Commissioners and thereafter with officers of the Company Law Department, I received a telephone call from the Chief Minister of Bombay who told me that there appeared to have been leakage of some tax proposals and that he had got some paper which he wanted to show to me. It seemed to me inconceivable that a leakage could have occurred. I told him that I would go to see him at about 4-30 p.m. after finishing the meeting with the officers. He told me to come to the Council Hall as he would be there at that time.

I left the Income-tax office at about 4-15 or so and met the Chief Minister at about 4-30 p.m. There he gave me a typed paper which was in three sheets. I went through the same and told him that some paragraphs in the sheets were phrased like Part B of the Budget speech but that I could not say whether the contents were correct or not as I had not seen the Budget speech and I could only find out the difference after I had verified the paper with the Budget speech. He told me that I should hand over the papers to the Finance Minister and also verify it and let him know. He desired that I should mention this to the Home Minister also.

At about 4-55 p.m. I left the Council Hall for the aerodrome. I came by the evening plane to Delhi and reached my place at about 11 p.m. The next morning I compared the paper with Part B of the Budget speech and found that apart from minor typing errors there was only one material point of difference between the contents of the paper and the relevant portions of Part B of the Budget speech delivered by the Finance Minister.

I immediately got into touch with the Finance Minister and met him at about 9 a.m. and gave him the paper and also acquainted him with what had happened in Bombay. The action subsequently taken has already been stated to the House by the Finance Minister. I did not speak to the Home Minister as the Finance Minister had decided that a note should be prepared and sent to the Home Minister for investigation to the Special Police Establishment. On my return from the Finance Minister's place, I rang up the Chief Minister of Bombay and informed him that I had handed over the paper to the Finance Minister and also told him that on verification it has been found that the paper did contain extracts of Part B of the Budget speech with some variations.

Dr. Lanka Sundaram (Visakhapatnam) : Mr. Speaker, Sir, I was amazed at the point that the Minister of Revenue and Civil Expenditure should have taken 20 long days to make a statement to this hon. House, a statement which he has just made. He has hardly given us any information which has not been made known to this House in the course of the statements which have been made by more than one spokesman of Government including the Prime Minister. The Prime Minister has my sympathies for he has not been properly briefed by his colleagues in the Council of Ministers, with the result that the statements so far made on this very serious and grave matter relating to the Budget leakage are not only confusing but are contradictory in certain material respects.

On the 6th March, the Finance Minister told us here—on page 4325 'some time in the afternoon'. It was 7 days after the Minister of Revenue and Civil Expenditure arrived in town. Even then he could not give us the information as to in what manner and what information was sought to be conveyed to

the Minister of Revenue and Civil Expenditure. The Prime Minister, on the 12th, mentioned, '4 p.m.' as the time at which the Minister of Revenue and Civil Expenditure got this information conveyed to him by Shri Morarji Desai At that time the Finance Minister interrupted the Prime Minister and then it was corrected to 4-30. Later on, the Prime Minister said that Shri Shah left Shri Desai at 5 minutes to 5 o'clock, a point which was now confirmed by the Minister in his statement. The Prime Minister further said on the 12th that Shri Desai got to know this information 'just before'. I am quoting from the record, without any violence to the text. The Prime Minister also said, "Well, I do not know." Shri Deshmukh corrected him and said, 'He got it about two or three hours before.'—roughly about 2 o'clock.

I draw attention to this series of statements only for one purpose. When an adjournment motion was given notice of on the 3rd, even as late as the 12th, the Prime Minister was not properly briefed, with the result that he had to make a statement, which, as I had shown just now, not only shows discrepancy but also material differences. I am here to say that some of the papers both in English and in the languages carried substantially the Budget proposals in the Dak editions of the 28th of February. That is a matter for investigation.

Apart from these small points, I would like to go into the manner this House has been informed by the spokesman of Government, including the Prime Minister, on the quantum of leakage. The Prime Minister on the 3rd March said :

> "....so far as we know, some kind of information, some information through some Ministry, leaked out at an earlier stage when the matter was under consideration not on the file."

Then, he said : that this information could not make much difference to anybody. He further said that it is not easy for anyone to take much advantage of it, because he was not briefed or informed obviously.

In the Rajya Sabha, the Finance Minister took a different position. He said—I am quoting—

> "It is undoubtedly correct that leakage took place of the Budget proposals and that we received evidence of it on the 29th."

Finally, on the 6th March, the Finance Minister trying to explain the statement made by the Prime Minister, said as follows :

> "It could bear the meaning that while the proposals were being formulated and had not been finalised somebody got hold of them."

Now, I draw attention to these two sets of facts only to emphasise my point, the point being, this House which is entitled to information, adequate, comprehensive and accurate information, has not been given that information even as late as the 12th, that is, 12 days after the leakage.

You, in your ruling yesterday, disposed of the question of privilege. I submit to your ruling as far as that point goes. But, I draw your attention to one small point which apparently has escaped your notice—with great respect. When I raised the question of the Finance Minister giving information to the other place without giving it first to this House, you said, on the 6th March, as follows :

> "The Finance Minister might have communicated this matter to this House as soon as he came to know about it." "There is a breach of privilege because that matter was raised before the Rajya Sabha."

This point you have not disposed of yesterday. I am not pursuing it because the item on the agenda or the Order Paper in my name deals with not only leakage of the Budget but matters connected with the secrecy of the Budget and Budgetary reform. With your permission and with the permission of the House I propose to address myself to these two very important issues. Yesterday you referred to the famous Thomas and Dalton cases and you are perfectly right when in your ruling you stated that those two cases do not supply any precedent at all for us to approach this question raised today, because there was no suggestion even as I said on the 15th of this month in my speech on the budget debate that the Finance Minister's integrity was never suspected by anybody. You, Sir in your ruling yesterday said, "It is neither alleged nor even suggested in the case

[Dr. Lanka Sundaram]

before us that the Finance Minister was himself responsible for any unauthorised disclosure of the financial proposals." So, that disposes of the matter as far as the Finance Minister is concerned and I am satisfied. But you also said two other very important things, not only yesterday, but also, on the 12th and I will quote now :

> "The House ought to know whether any Minister is responsible for it, and if so, what to do further, apart from any other matter which may or may not take place in a court of law, and what are the steps that have to be taken if any Minister is involved in this."

That was on the 12th. You also said yesterday:

> "Parliament has ample power to enquire into the conduct of a Minister in suitable proceedings in relation to the leakage and the circumstances in which the leakage occurred."

The Finance Minister is absolved of all responsibility in this matter. I am satisfied with this as you are satisfied in your ruling yesterday to absolve him of responsibility. But who is the Minister involved in this matter? I think the House is entitled to an answer.

The Prime Minister said on the 12th :

> "It has been established that the leakage occurred from the Government Press situated in Rashtrapati Bhawan where the Budget papers have been given for printing."

The words "Rashtrapati Bhawan" might convey a very wrong impression altogether, as if the Rashtrapati is somehow involved in it. Surely nobody would have imagined that the Rashtrapati was in the picture at all. Some Minister is concerned, Who is that Minister?

Since the Prime Minister's statement on the 12th about this leakage—and it was a very categorical, comprehensive statement that he made—has the Minister concerned come before this House and made a statement and accepted responsibility? In other words, today I think the House must address itself to one simple question, namely, who is answerable to this House for this leakage? If it is not the Finance Minister, somebody else must answer it.

Now, Sir, a number of statements are appearing in the papers and affidavits filed by some of the accused are appearing. It was stated in one of these affidavits by one of the accused that the Superintendent of the Press is responsible for the secrecy. He also said that the Superintendent is supposed to open sealed documents and have them printed in his presence and also that of two Secretaries. Now, who is the Superintendent? Under whose jurisdiction is he working? Which is the Minister of the Council of Ministers who are responsible for the superintendence, efficiency and secrecy of the printing? Who are these Secretaries? As far as I know, these two Secretaries are Secretaries of Government. Do they belong to the same Ministry, which is entrusted with the printing of the Budget or to the Ministry of Finance? I do not know about this. The House is still in the dark. All the statements supplied so far have not been concentrating their attention on these points. There may be other points which may come up in due course. I do not know how long we have to wait for those statements to come. Here I put a straight question: Is it a fact that the Superintendent of the Printing Press is a relative of the Minister? The House must have an answer.

An Hon. Member: Which Minister ?

Dr. Lanka Sundaram: I want to know who is the Minister in charge of this. I put down a short notice question and I got an answer here from you that the Minister is unable to answer a short notice question as the police investigations are still going on. I wanted the House to be told who exactly is in administrative control of the Printing Press in Rashtrapati Bhawan. I have my information here that till recently the printing arrangements were not made in Rashtrapati Bhawan. Who made these arrangements and why and how are these arrangements processed? This is a matter on which the House is entitled to an answer and I am sure the spokesmen of the Government will certainly answer these questions.

You, Mr. Speaker, are aware of the famous Crichel Down case which occurred in the House of Commons on the 15th Jnue, 1954 dealing with the relation between civil servants and Ministers of the Crown. I will be rather very brief, and it is a very famous case

and a very recent case. The moment aspersions were cast on the conduct of these servants about the disposal of certain agricultural property, the Minister straightaway took the responsibility—that was Sir Thomas Dugdale—and this is what he said in the House of Commons :

> "Most of them are those for whose conduct I am answerable as a Minister of the Crown, the responsibility rests with me. That responsibility I wholly accept."

Having said this, he tendered his resignation, which was also accepted.

I am trying to draw the attention of the House to the very specific point: who is answerable to this House for this leakage? The leakage, according to the Prime Minister's statement, is located in the Rashtrapati Bhawan Press. I think the House should not escape this very important and vital point which has not been raised so far.

You wisely, Sir, in your ruling left this matter open—about the rights of the House to go into this question. I have already quoted you on two relevant occasions that the House can go into it. Actually I would like to quote the Finance Minister to clinch the issue. He made a statement here, that is on the 6th :

> "We are anxious to place all the facts that we have at our disposal and that we can collect through departmental agencies before the House. We do not ask them to accept those facts. Certainly they can make the inquiry right from the beginning, *ab initio*."

Then he said on the 6th March again :

> "It is all a question for the House to decide as to how soon they should start the enquiry. On that I, particularly, have no views. If the House decides that they should start today, certainly we will help them now."

In the light of your ruling of yesterday, which we accept unreservedly I suggest that it is now a fit case for this House to appoint a Committee of this House to investigate into this matter of leakage and also about the answerability of the Ministers of the Council of Ministers to this House for this particular leakage. I hope you will take this point into your consideration and give an appropriate ruling at the proper time.

I come to the second portion of the item on the Order Paper standing in my name—matters connected with the secrecy, of Budget. I am going to make certain suggestions, constructively, for preserving the secrecy of the Budget and I hope that they may be found acceptable by Government, and they will indeed strengthen the hands of the Government to preserve the secrecy of the Budget, than which there cannot be a greater question of importance as far as this House is concerned. Here on the processing of the Budget there are a number of remarkable statements by my hon. friend, the Finance Minister, when he spoke here on the 6th, he stated:

> "No Ministers know the entire Budget. The Income-tax Minister will know his portion; the Minister dealing with customs and excise will know his portion. None of them knew what was decided in regard to Posts and Telegraphs, which is known to my colleague the Minister of Communications."

And then he said :

> "Ministers do not know what speech I am going to make. Also, the Prime Minister does not know. The Home Minister does not know."

These bits known to individual ministers when added up, I do not know what the resultant position will be. Individual Ministers know their bits and when all these are added up, what will be the position? You can very well imagine it. Then the Finance Minister said :

> "A few officers of my Ministry, the typist later on the steno-typist .... Till two years ago, one steno-typist only who sits in the room of the Joint Secretary used to know it."

What is the present position?

The Minister of Finance (Shri C. D. Deshmukh): The same position.

Dr. Lanka Sundaram: Why did you not state it.

Shri C. D. Deshmukh: Hindi translation is added.

Dr. Lanka Sundaram: I hope I am not doing any violence to his statement. But what is the present state of affairs? When I interrupted him about the Hindi translation in that discussion, he said that as far as he remembered, it was given to him on the 19th that is, ten days earlier. I am here to make one proposition. The Budget proposals, particularly the taxation proposals, cannot be known to anybody other than the Finance Minister. That was a convention which you know, in this House was the current usage for twenty years. It is the usage all over the world. The responsibility for the Budget is the responsibility of the Finance Minister. I want to affirm that principle. In any case, in their final form the taxation proposals should not be made known to any one of his colleagues in the Council of Ministers. That is a point which the House of Commons has established, and I ame sure that is a point which this House will endorse. The position in the U.K. is this. The Chancellor of Exchequer is individually responsible for the economic and financial policies of the country, and when a vote of the House is to be taken, he is personally held responsible, individually held responsible, whereas we in this House has got a different procedure. Under rule 217 of the Rules of Business of this House, we can only have a vote upon the confidence or the lack of it on the Council of Ministers but not on individual Ministers. I submit with the greatest respect this is a matter which has got to be looked into because this is not the first occasion when leakage has occurred. This is a matter which will deserve your immediate and serious attention.

I come to another point. That is about printing of Part A and Part B. As far as I am aware—and I think you will sustain me in this point because you were functioning during that time —it was Sir James Grigg who separated Part A and Part B. He never allowed Part B to be printed in advance. I happened to know because I was sitting in the gallery. I am sure you were in this House. You also know about that position. When was this procedure of printing simultaneously Part B with Part A established and why? In the light of the experience that we have had, I suggest very seriously that Part B should not be printed simultaneously with Part A. It only means that the whole responsibility for presenting the Budget rests, individually upon the Finance Minister. That was the position in the old days. All of us know about it. The Finance Minister noted down in his hand. He was the typist or pseudo typist; he typed it and he himself read it out here. Later on they were duplicated and circulated to the Press.

I know that the Press people will be slightly upset by the suggestion that I am making. But I say this. By the time the Finance Minister rises here, the stock markets all over the country are completely closed. Whether you release the proposals to the Press one hour earlier or a little later—it makes no difference in the present condition of instantaneous despatch of messages. Whether you give it at 7 or 9, the morning papers all over the country will carry them. I make the suggestion very sincerely that Part B should not be printed simultaneously with Part A. I say again that it was a point well-known to us years ago.

Here, Mr. Speaker, you will recall that last year because of circulating, by mistake, Part B, a leakage occurred. Some copies of Part B went out of the Chamber and I raised the point on the 5th of March. It was a *bona fide* mistake. All the same it was a mistake and Part B proposals went out before the Finance Minister stood up and read out his taxation proposals.

I now come to another concrete suggestion. I want the immediate amendment of the Provisional Collection of Taxes Act. It is a very ancient document and dates back to 1931. It is only an enabling measure and clause 3 says "may" and not "shall". After imposing the taxes here and as amendments are made to the taxation proposals, refunds are sanctioned, are authorised under this Act. The point is that there is no need to announce as the Finance Minister regularly does; under the legislative authority of the Provisional Collection of Taxes Act, all that is necessary is that a notification has to be issued.

I would make another procedural suggestion which I think will eliminate the risk of leakage. After he stands up here and makes his taxation proposals, let the House pass a motion. After Part B is explained by him, let the House pass a motion. That is the procedure in the House of Commons. There will

be enough time for him and his colleagues to get that duplicated and circulated to the Press. There is no difficulty about what you call obstruction of publicity for the proposals. I repeat it again that the stock markets are closed and in the interval between the moment he stands up here and the next morning when the paper appears, there is enough time for the papers to carry the story fully.

On the question of Budget reforms, I have two or three concrete suggestions I hope the House will bear with me a little while on this item of the Order Paper. Mr. Speaker, you were the distinguished Chairman of the Estimates Committee of which I had the honour of being a Member for three years. You will recall this question was raised there and you almost ordered a sort of an investigation into this question. Then fresh elections took place and neither I nor you are there in it with the result that I have to take the forum of the House. I am referring to what I have attempted to do in the Estimates Committee.

The Budget must be a very precise document. It is the constitutional bulwark of the representative Government. It is an estimate of their receipts and cash payments. Yet, what is our experience in this House?

In 1951-52, I would like to give one instance out of many—the closing balance on the 31st of March 1951 was shown to be Rs. 155 crores. But when the Finance Minister made a reference to the closing balance in his Budget Statement, it was stated to be Rs. 95 crores—a difference of Rs. 60 crores. I am only drawing attention to the point that the question of Budgetary reform is very important in the sense that unless and until the cash receipts and cash payments are shown properly and accurately, there will not be any possibility of budgeting.

Take the UK practice which is followed in part by us, for instance. It is followed in the case of Appropriation Bill, vote on account and so on. Instead of making simultaneous statement of receipts and expenditure, could not a better procedure be followed? It is now based upon obviously seven months' experience of the preceding year. Especially in the case of expenditure, the departments start what you call bringing the data together about August and the Finance Minister comes to know of it roughly by about October and then the forecast for the coming financial year is based upon—shall I say—half year's knowledge of affairs or seven months at the most.

In UK there is a gap, between the presentation of the statement of receipts and of expenditure, of as much as six weeks or two months. I would suggest that the Finance Minister and the Government should examine this question and find out the possibility of adopting a procedure here which will ensure budgetary reform of the most desired type. Without that, there is no possibility for this House to come to right conclusions.

I suggest that the Budget be presented on the last day of March instead of on the 28th February, or nearabout that. 28th February was the date, which you, Mr. Speaker, know was hit upon by the British because of the exodus to Simla. In our constitutional set-up as at present, there is no sanctity or mystic significance attached to 28th February. It means that one more month will be available for the Finance Minister to keep track of the inflow of revenue or the behaviour of taxation provisions or the estimates for expenditure by the various departments. He will be able to give a more accurate statement.

Finally, in this regard, I would like to say that instead of rushing the Budget proposals as we are doing now, it should be spread over two sessions. The House should adopt the House of Commons procedure of spreading the Budget discussions over two sessions. Nothing is lost in doing so. Hon. Members will have ample opportunities for ventilating the grievances. You may remember very recently one Select Committee had to be rushed—I think on the Appropriation Bill. I do not remember; I am subject to correction. It was because of lack of time. If that is being done in the House of Commons, why not here? It only means a proper time table. What you fix for August may have to be brought here and the Budget may be carried forward.

Finally, one other matter and I have done. I confess that the Finance Bill is a very cumbersome document. My biggest grievance is that it contains two categories of taxes.

Mr. Speaker: Order, order. In all these matters relating to Rule 212, only one important matter of public importance ought to be raised : Budget leakage or Budget secrecy. Matters pertaining to secrecy of Budget must alone constitute the subject matter for discussion here. Many things can be said by way of budgetary reform. Incidentally it has escaped notice. There may be one or two matters. Budgetary reform itself cannot take the time of the House for three hours or four hours.

Dr. Lanka Sundaram: I would not labour the point further. Because it is on the Order Paper, I referred to one or two matters.

I was only saying that in such a measure annual taxes and amendments to permament statutes are lumped together. I ventured to draw the attention of the House to that because the Order Paper carried it as it is.

I hope in raising these issues I have attempted to specifically strengthen the hands of the Government in order that there is no further possibility of leakage and that the security of the Budget, processing of the Budget and budgetary reforms will be undertaken by the Government. I have done.

Mr. Speaker: Hon Members will confine themselves to matters relating to the Budget leakage and Budget secrecy. That will be the main theme. A number of hon. Members want to speak and each hon. Member will be allowed ten minutes.

Shri A. K. Gopalan (Cannanore): Mr. Speaker, I want only to add a few sentences to what has already been said by the previous speaker.

Sir, on the 3rd March I moved an adjournment motion on the basis of reports in papers and also a letter received from somebody in Bombay saying how there was leakage of the Budget and how some cyclostyled copies were distributed on the previous day. Some days back that letter was forwarded to the Home Minister.

What I want to point out is this. We were told that the Chief Minister of Bombay came to know of it at about two o'clock on the 29th February. We do not know when the Chief Minister of Bombay got this information. Is it before the 29th, is it on the 27th or 28th or is it on the morning of the 29th? Even now we do not know. I say this because the Budget was presented here on the afternoon of the 29th. According to the report of the Deputy Finance Minister it was at two o'clock that the information was given to him by the Chief Minister of Bombay. So we can understand that it was not at two o'clock that he got the information. He must have got the information either one or two days before or at least on the morning of the 29th February.

If he got the information before the first thing I want to know is when actually the Chief Minister got this information. In case he got the information before or at least on the 29th morning if the Chief Minister of Bombay had informed the Finance Minister or the Prime Minister about it certainly while introducing the Budget on the 29th afternoon this would have been mentioned and also a comparison could have been made whether it is the same thing or what are the differences.

In this connection the first thing I want to point out is about the responsibility of the Chief Minister of Bombay. When he got this information on the 29th he should have certainly, instead of waiting to see that the Deputy Finance Minister came there for some work, informed about it to the Prime Minister or to the Finance Minister whoever he wanted to inform.

Mr. Speaker: Order, order. We have no jurisdiction over the Chief Minister of Bombay here.

Shri V. G. Deshpande (Guna): Why not?

Shri S. S. More (Sholapur): Why not?

Mr. Speaker : That is exactly what I am saying. Why not? Now, there are many other persons. It is not their duty who have no control over it. All that can be said is that these people, wherever it may be, ought to have made enquiries as to how he got it. From the statement made here, at two o'clock on the 29th there was information in the hands of some others who ought not to have the information, whether it came to the Chief Minister or any other person. The Finance Minister alone must have the information. Then it is open to any hon. Member to say, we would like to know when it reached Bombay or any other place. That is all that can be said. To talk of the Chief Minister as if he is responsible to this House is not correct. I would not allow any reference as to why the Chief Minister did not inform earlier. That ought not to be made in this House.

Shrimati Renu Chakravartty (Basirhat) *rose—*

Shri S. S. More: May I with your permission, Sir, point out one thing? In the case of Shri Sundarayya the question of privilege was raised and the late Mr. Speaker in reply to my question said that when it is a question of privilege of this House there is no person who is beyond the jurisdiction of this House. I refer you to this particular specific reply by the late Speaker, Sir.

Mr. Speaker: I have ruled that it is not a question of privilege of this House. Yesterday I said so.

Shri A. K. Gopalan: What I said was, I want to know when the Chief Minister of Bombay got this information. Was it on the 29th morning or was it on the 27th or 28th? That is an information which we can certainly ask. The story begins from the 29th two o'clock. Is it at two o'clock that he got it or is it on the 29th morning? It may even be that he got it two days before. This is very important for us. Whether he sent it or not is another question and I shall not raise it if you so desire. But, we want to know when the Chief Minister got it. It is for this reason I say there must be a committee to investigate into these things. I support the proposal that there must be a committee to investigate into these things because the story begins at two o'clock on the 29th and on the 29th the Deputy Finance Minister got the information.

Shri M. C. Shah: May I say,....

Mr. Speaker: Why not he reserve. I will give him an opportunity.

Shri M. C. Shah: This is a piece of information on this point. On the 29th early morning at about 9-30 A.M. I had been to the Chief Minister to give him felicitations on his birth-day. He did not mention about it at that time. If he had got that paper in his hands at that time he would have certainly mentioned that to me. He told me that he got the paper at about two o'clock.

Shri A. K. Gopalan: Why did the Deputy Finance Minister make a statement like this? He is responsible for this question being raised now. He should have made this statement even before. He is coming out with this information only when the discussion is raised. He has been in this House for the last so many days. He knew there was going to be a discussion. He should have made a statement so that this question would not have been raised. I do not know whether birth-day is an occasion where Budget leakage should be mentioned. Nobody talks about Budget leakage when all people are assembled.

So, now it is said that at two o'clock the Deputy Minister got this information.

Some Hon. Members: He is Minister now.

Some Hon. Members: Correct yourself.

Shri A. K. Gopalan: All right; the Minister of State gets the information at two o'clock. He quietly puts it in his pocket. He comes by the plane and then sleeps without informing the Finance Minister about it. The point I want to make is this. The Minister of State wants to have some time to make an enquiry. After that the Finance Minister comes to know about it and he wants two days to make an enquiry. On the 3rd between 9 and 11 in the morning only the Prime Minister knows about it when the adjournment motion was moved.

What I say is, the Minister of State as soon as he got the information he must have informed the Finance Minister from Bombay that such a thing has happened, he has got the information, he is coming and that he will meet the Finance Minister. Here as soon as he came he does not bother to inform the Finance Minister about it. The next day morning he himself made some enquiries and after that only he told the Finance Minister about it.

In the statement given in the Rajya Sabha and also here it was said that on the 1st and 2nd March the Prime Minister was not informed about that matter. The Prime Minister has also said in his statement that he knew it only on the 3rd between 9 and 11. He did not know about this thing before and he had only hurried consultations with the Finance Minister on the 3rd and it was only then that he knew about it. I want to know.....

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): I did not quite say that.

Shri A. K. Gopalan: I have got the actual sentences here.

[Shri A. K. Gopalan]

If the Prime Minister wants I will read them here.

Shri Jawaharlal Nehru: I said that I knew of it at 9 A.M. that day when the Finance Minister telephoned to me.

Shri A. K. Gopalan : The first point that I want to bring forward is this and that is regarding the urgency of the matter. It was a very important thing. When the thing was known certainly the Finance Minister should have been informed and if the Finance Minister knew it at least he would have said that he was going to make some enquiries about how the leakage occurred. Then again that information should have been given to the Prime Minister. It was not given and this matter was taken up. Whoever knew this matter—I do not say that they do not understand their responsibility—in utter disregard of this House and the people of the country did not inform the House about it. This question of leakage of the Budget that was there in the country was known to this House only on the 3rd even though in Bombay and other places it was known on the 29th. On the 3rd when the Prime Minister made a statement I said that I was satisfied because the Prime Minister said that some investigation was being made, some more enquiries will be made and the whole thing will be placed before the House.

But my point is that even on the 29th or before the people of Bombay and other places had known about the budget proposals which the House did not know. Certainly when the information was received at least the Prime Minister ought to have been informed. That was not done. So what I say is that it is in utter disregard of the House, the country and the people that this matter was not taken very serious notice of.

Not only that. Two days after this we got another letter saying that there was leakage of the Insurance Ordinance. That was taken up in the Rajya Sabha by Shri Bhupesh Gupta. Then it was replied that it was only half an hour before or something like that and that it was also not a very serious thing. That letter was also sent to the Home Minister. I request the Home Minister to see that those who have sent these two letters are protected otherwise they would stop writing such letters. That is one special request I have to make to the Home Minister.

People outside say that there is not only the budget leakage but there is another leakage. People outside will never say that if there is absolutely nothing. The budget leakage came, the Insurance Ordinance leakage came. There may be so many leakages, not only about the budget but about some other important matters, like the defence of the country and other things. There may be so many leakages.

How did the leakage come? To put the responsibility merely on some manager or superintendent and others is not correct. When I moved the adjournment motion the other day I did not know that it was so serious. What I say is that the seriousness of the question was not taken into consideration; those who knew of it first did not inform the Prime Minister and they did not see and investigate quickly into those things. That is the most important thing that I want to point out.

There is not only this question but there are certain other questions which are not under the jurisdiction of this Parliament, as you said just now. We want to know when the Chief Minister of Bombay knew it, from whom, on what date—so that if it was known before the 29th or on that day itself at 3 o'clock or at 3-30 or 4 before the Budget was presented, even then something could have been done. So, considering the importance of the question I say there must be a committee of the House to investigate into this thing and also seriously consider and understand as to how came and who is responsible for this thing. That is all that I have to say.

Shri M. S. Gurupadaswamy (Mysore): Sir, you know the story of Shakuntala. Both the father, Viswamitra, and the mother, Menaka, denied responsibility of protecting the child. Similarly here we do not know who is really responsible for the budget leakage.

The budget leakage has come to light only this year. But I have got information that there was also leakage in the past. (*Interruption.*) I am just placing the available information before the House, and I crave the indulgence of the House for a few minutes on this question. Since last four years, I was given to understand, a group of people were engaged in getting most of the budget secrets and sell them to persons on a personal basis. Only this

year it took a rather commercial form.

Shri V. G. Deshpande: Democratic form!

Shri M. S. Gurupadaswamy: After the experience of the last four years the persons thought that it could be made into a good selling proposition and they wanted to establish a market for it. So only this year it came into the open. But in the past there was leakage.

I might also say incidentally that there have been leakages—about the Import and Export restrictions and liberalisations. And the same gang of people were at the back of the whole thing. And I want the Ministry should look into the matter and say whether it is not so.

What is the real story of the present budget leakage? A person by name Mr. Chadha has been arrested. Who is this person? I was told he has got an organisation called India Auto-Travels. This person along with others had established a close ring to cull out secrets of the budget every year.

Shri S. S. More: In fairness to the persons who are accused, will it not be proper on our part not to mention any names?

Shri M. S. Gurupadaswamy: Well, I don't mention. I was told that a bribe of a thousand rupees was offered to a certain gentleman in the Security Press, and I was also told that only Rs. 700 was given to that gentleman.

Shri Jaipal Singh (Ranchi West—Reserved—Sch. Tribes) : On a point of order. May I raise this question which has just arisen here? When the House is seized of a particular problem, just because some matter is *sub judice* is that out of court as far as Parliament is concerned? (*An Hon. Member*: No.) I would like to have your clear ruling on this. Just because it is a matter before the court and we are seized of that particular matter, is it therefore, your ruling, or not your ruling, that the whole thing is outside our purview?

Mr. Speaker: May I know whether any prosecutions have been launched so far?

The Minister of Home Affairs (Pandit G. B. Pant): Evidence is being collected, and has been collected. I do not quite know if the case has been challaned; perhaps not, but I am not very sure.

Shri Raghavachari (Penukonda): The moment the matter is handed over to the police, even if you have to take action and trace the accused, even if his whereabouts are unknown, the moment information is laid in the hands of the police it becomes *sub judice* and it is improper to discuss it.

Mr. Speaker: It is well known and it is also in the Rules of Procedure that matters for adjudication before a court of law are *sub judice*, and reference ought not to be made to those matters which will prejudice in any way their proper adjudication by the court.

Shri Algu Rai Shastri (Azamgarh Distt.—East *cum* Ballia Distt.—West) : Then how can we discuss it?

Mr. Speaker: The House cannot discuss those details here. In a general way it can discuss it, certainly. It is a matter for consideration as to whether, when a matter is placed in the hands of the police and they are investigating that matter, any reference to it may also not prejudice a fair and impartial trial. The details are not necessary for the purposes of this. Therefore, without mentioning the details or names, reference can be made by hon. Members to strengthen any position that they want to take.

Shri Jaipal Singh: My point has not been met. According to your interpretation, therefore, it means that the House cannot be seized of a particular situation *in toto* if anything is in court.

Mr. Speaker: No, no. It is not for the purpose of the legal interpretation here. When once any case is launched against a particular person and the matter is in seisin of the court, references ought not to be made to the prejudice of a fair trial or adjudication in the court. That there is a case pending there can certainly be referred to. That the prosecution has said such and such a thing, which is public property, those details can be referred to. If the accused has made a statement it can be referred to. But inferences ought not to be made here, and any other matters, that is other than those which have been made public in a court of law ought not to be referred to.

Shri M. S. Gurupadaswamy: I do not want to go into details. As I mentioned, this person had enjoyed the goodwill of high dignitaries in office, and I was told that he is having a permanent

[Shri M. S. Gurupadaswamy]

pass to go about in any part of the Secretariat, whereas others have to go to the receptionist and get a permit to go in. May I know whether it is true?

May I also ask the hon. Minister whether it is true that this person and some others stayed at the time of this leakage in Raj Bhavan. (*An hon. Member*: You mean Rashtrapati Bhavan?) Not Rashtrapati Bhavan, I mean Raj Bhavan at Bombay, at the time when this leakage took place. This particular person was staying at Raj Bhavan and it was a problem for the police to arrest him. And if I am wrong I may be told that I am wrong. But this is what I gather.

I have also got information that a person who is related to this individual is in the employ of the A.I.C.C., the All India Congress Committee. As usual in such cases a young lady was also found. All these persons formed a gang, and their purpose, their only work, since last four years was to sell budget secrets to various people and to make money.

An Hon. Member: About others also.

Shri M. S. Gurupadaswamy: About others, I have already mentioned: for instance about import export policies.

Budget secret is a very important matter. I want to draw the attention of the Minister, especially the Prime Minister, to certain things, which have come to me as to the reasons why the secrets have not been maintained properly. I learned that the work of the security press in the Rashtrapati Bhawan has considerably increased recently. Formerly, the security press used to confine its work to non-commercial work. That is, the ordinary general work was not entrusted to the security press. Now, all kinds of works are entrusted to the security press. So, the work of the press has enlarged and more people are there and security could not be maintained because of the large expansion of work.

Formerly, I was told, a Joint Secretary used to be in the security press at the time of the printing of the budget proposals. I want to know why that practice has been given up if it is not so, or whether that Joint Secretary even today attends the security press at the time of the printing? Formerly, I was told, that when the time of working of the press was over, the whole material would be taken by the Joint Secretary and kept in safe custody. But, now I feel that there is too much laxity in this matter.

Thirdly, since sometime now we have introduced Hindi translation of the budget papers. As a result of this, more people, translators and other people, have to be recruited to the staff of the security press and the secrets of the budget papers are known now to a larger number of people. Formerly, it was not so.

Lastly, I want to state before the House, the question who is answerable for this budget leakage? I was told that the foreman of the press was held responsible for this. I want to know whether the foreman himself was the head of the press. Whether he was given the sole responsibility of printing, publishing and keeping everything in connection with budget papers. Further is he the head of the entire administration of the press? If that is not so, why has not action been taken in regard to the other officers of the press? Why is this Joint Secretary who is responsible for printing of budget papers not held responsible? These people who work at the bottom may also be responsible. I do not deny that. But, why has action not been taken against the higher officials who are more responsible for keeping the secrets of the budget?

I concur wholeheartedly with the suggestion of my hon. friend Dr. Lanka Sundaram that a Committee of the House should be set up to enquire into the whole matter and to find out who is ultimately responsible and answerable for this budget leakage. If that is done I think the whole matter would be clear.

Shri Shriman Narayan (Wardha): May I inform the House—the hon. Member referred to somebody connected with some one who is an accused in this case, as being in the employ of the A.I.C.C.

Shri M. S. Gurupadaswamy: I said, the brother of that gentleman.

Shri Shriman Narayan: I may say that nobody connected with any of the accused is in the employ of the A.I.C.C.

Shri V. G. Deshpande: He is in the Congress Party office; that is my information.

Shri U. M. Trivedi (Chittor): This is not a very happy subject on which one should open his mouth. But, it looks that this disgraceful conduct on the part of certain officials who have acted in the manner in which they have, requires very careful consideration at the hands of the Government.

Lethargy is one thing and dishonesty is another thing. You may not do a work at a proper time. You may have certain excuses for it. But, to do it dishonestly and dishonestly with a view to have wrongful gain for oneself is the most abominable crime which a government servant commits. In this particular instance, as things have come to light, we are faced with this position: the most trusted servants of the Government have either acted dishonestly or their superiors have acted in a most negligent manner. When I use the word superiors, I should say that this should not mean that I am pointing my fingers at any of our Ministers. I know that. so far as our Finance Minister is concerned, all his actions are above board and his integrity and honesty are unchallengable. But, I am talking of those on whom the responsibility rests of conducting official duties and who have been negligent enough not to discharge them honestly and squarely and fairly.

To allow a secret of this type to escape from the press, which is meant for that specific purpose of keeping secrecy, I should say, must be compared with an offence only equivalent to high treason. It is not that we should just take a lenient view of a man making a few rupees here and there. It is not that we should merely treat it as an official secret leaking out. We have got so many secret documents. Although they are marked secret or top secret, nobody bothers about the contents being known one way or the other. Here was a secret which was essential to be kept a secret for the security of our country. If this thing goes unpunished, if this thing goes uninvestigated in a proper manner, the result would be that a time will come when we would be handicapped in all our administrative actions which will require secrecy at the top. The Budget is considered sacrosanct and the proposals are sacrosanct. Our Minister comes with a closed portfolio in his hands and opens the proposals just only when he enters the House. Such secrets we will have to keep. The time is now coming and coming rapidly before us—the whole thing is so near us—when we may have to preserve many more secrets than we have been able to do so far. If budget secrets can leak out, there is nothing to prevent our defence secrets leaking out. After all, we have to take stock of the people who are working under us. It is brothers of the same type who are working in the various departments, whether it is in the Finance Department or in the Defence Department. If we have got such dishonest people who have absolutely no feeling for the country or for the nation for which they are working, who are drawing fat salaries, and then sleep over the thing and do not discharge the duties which are imposed upon them by law, which are imposed upon them by morality, which are imposed upon them by their own self-conscious conduct, if they do not want to discharge those duties fairly, it is high time that we should have a true probe into the affairs of those who handle these secrets.

5 P.M.

I do not wish to go into details. People in Bombay, they say, were simply laughing. It is true that businessmen, dishonest businessmen I should say, are always very anxious to find out if they can get something or other even from Members of Parliament who practically know nothing about what the budget proposals will be. But then there are people always hovering about, and it is these people who are able to negotiate these things. We have now reached a stage when examination papers simply leak out. Last time this happened, and for two or three years also the same thing has been going on. People take a sort of delight in finding out what an examination paper contains, and then sell those papers and make money out of it. It is there that we ought to have put a stop to this, and it would have acted as a deterrent to those who might be able to do this injustice to us. I say this is an opportune moment for us to investigate, and I join my voice with the voice of other friends in saying that this is not a matter which we should tolerate just sitting with folded hands, but the probe must be very deep and the sentences that may be awarded, even if the law has to be amended for this purpose, must be very deterrent in such cases.

Shri Bansal (Jhajjar-Rewari): I am one of those who believe that it has been a matter of the gravest concern that the budget has leaked this year. I have not the slightest intention of mitigating what has happened. I agree to a very great extent with most of what has been said by my friend Dr. Lanka Sundaram. I believe that full justice has not been done to this House both in the manner and in the timing of taking it into confidence. There is still no definite answer as to the time the budget secrets leaked, the manner in which they leaked and from where they leaked. I am sure that Government also have been deeply perturbed over this development.

The Finance Minister has made a very candid statement. He has accepted the gravity of the situation and he has placed the matter squarely in the hands of this House. Every one here would like that these things are not repeated in future.

My friend Dr. Lanka Sundaram wanted to know as to who is the Minister who is responsible to this House in this particular matter of budget leakage on this particular occasion. I should have imagined that that particular Ministry which is responsible for framing the budget should be normally responsible to this House, and I think that the time has come when, in order to preserve parliamentary democracy, in order to preserve the rights of this House, in order to see that the work of Government is carried on with the greatest probity, the Minister in whose department or in whose Ministry this kind of thing happens should come with a clean breast before the House and make an admission of the failing. I am glad that the Finance Minister has done this. In this particular occasion the situation got complicated because of the fact that while the budget is prepared by his Ministry, it is printed in another Ministry. To that I would say only one thing, that it should be the responsibility in the future of the Finance Ministry to see that the budget is printed under the supervision of that Ministry and that Ministry alone, so that the responsibility is not divided between various Ministries. And in order to see that that happens I would suggest that there should be a small press attached to the Finance Ministry itself where documents of such top secrecy can be printed.

I agree with Dr. Lanka Sundaram that there is no sanctity in Part B of the budget statement being printed. Also there is no sanctity that it should be translated at the same time. I think the Finance Minister can very well prepare Part B of the budget, and if necessary get it printed in his own secret and confidential press. That will be one method of securing the secrecy of this very top secret document.

In this connection I would like to know whether our Finance Ministry has studied in what manner the budget is prepared in America. I did not want to attenuate the effects of this debate by suggesting that perhaps the time has come when we should revise our ideas of the budget. I understand in America no secrecy attaches to the budget. It is not a matter of laughter. Here in our own country our Finance Commission has given us an idea as to what should be the framework of taxation in future. In our Five Year Plan has been indicated the order of finance we will require from taxation. I understand that in America the President's proposals are freely discussed, and here also after the budget is presented in the House we have a debate ranging over a period of a month and a half, and it is after that full debate that the budget proposals are finally adopted by the House. I am not suggesting that we must give up our present method of budgeting altogether, but what I am suggesting is that if we cannot maintain the secrecy of the budget as we have been doing in the past either on account of the fact that it has to be translated or on account of the fact that a large number of Ministries have to be consulted—I do think a large number of Ministries will have to be consulted in the future; the very nature of our budget is becoming so complicated that almost every Ministry is bound to be consulted to some extent or other—we should study the forms in which budgets are prepared in some foreign countries and try to see whether we cannot adopt some of these methods to our best advantage. That will be the surest method of reducing speculation in our country, because the greatest amount of speculation takes place on the eve of the budget. When there is no fixed date for presentation of the budget, when all the proposals are being discussed throughout a period of two or three months, there is not going to be any fear of undue speculation. But if this proposal is not acceptable to the House, I would suggest

that as far as possible the Ministry which is responsible for preparing the budget should be held responsible up to the very end, and for that purpose a small secret press should be placed at their disposal, so that this kind of division of responsibility is eliminated. I am sure with this small safeguard we will not be faced with this kind of difficulty in future.

Mr. Speaker: Pandit Pant.

Shri N. C. Chatterjee (Hooghly) *rose—*

Mr. Speaker: Hon. Members who have given notice earlier alone will be called.

Shri Raghavachari: For half an hour or one hour discussion.

Mr. Speaker: Even here. Let me see.

Pandit G. B. Pant: The leakage of the budget proposals is a serious affair. I quite appreciate the interest taken by this House in the subject. They are the custodians of the finances of the country, and the Members have to see to it that everything with which the administration is concerned is done in a straight-forward manner, maintaining the highest standards of integrity.

This anxiety shown by the House is wholesome in every way. And we have to admit that Government stand in need of correctives; sometimes, we might slur over things which call for special attention, and we could perhaps miss the opportunity of revising our ways and correcting our errors, if the Members were not vigilant. So, I am in a way thankful to the hon. Members who have drawn attention to this matter.

But I feel that to some extent there has been unnecessary excitement over certain parts to which the criticisms have been directed. Nobody here denies that there has been a leakage, and everyone of us regrets that such a leakage should have occurred. It is also our desire that we should seek the assistance and the co-operation of the Members in administering the affairs in an efficient and appropriate manner.

With regard to this very subject, when I heard that Shri Bhupesh Gupta had made a speech saying that certain persons had sold cyclostyled copies of the budget proposals, I wrote to him and requested him to let me have the information which he possessed. He was not here. Then, I wrote to Shri H. N. Mukerjee, and he was good enough to send me the letter that Shri Bhupesh Gupta had received. So, the desire of all of us to eliminate the chances of such happenings is common, deep and sincere.

But let us look at things from a correct perspective. Too much of emphasis has been laid as to whether the suspicion about leakage was entertained at two, or three, or one or four o'clock. I do not think that would make very great difference. We all agree that nobody knew anything about it, except the conspirators and those who had been exploiting the premature knowledge that they had acquired about the proposals that were included in the budget. Mr. Morarji Desai was busy on the 29th of February, and it was, I think, some time in the afternoon, that somebody handed a paper to him. There was a crowd in his house. And he spoke to Shri M. C. Shah, I think, shortly thereafter. Then, Shri M. C. Shah was busy with other things. He had his engagements and appointments. And as soon as it was possible, he contacted Mr. Morarji Desai, ascertained all that Mr. Morarji Desai knew, came over to Delhi, and on arrival here he just tried to ascertain the facts, to check the paper that he had received with the real budget speech and to see if it was a genuine imitation of the proposals. He found to his regret that it was really a document which had revealed the proposals. Then, he ran to the Finance Minister and gave him the information that he possessed. The Finance Minister immediately took action. He called the officers of his department and asked them to make enquiries. They started the enquiry forthwith, and as soon as the enquiry in the Finance Ministry was completed on the evening of the 2nd instant, he sent over the papers to me. On the morning of the 3rd instant, he spoke to me. I took action such as was open to me.

I might also inform the hon. Members of this House that on the 3rd instant, after he had come to know of the facts, he tendered his resignation to the Prime Minister, and said, as the leakage had occurred, he would like to resign. Nothing could be more honourable and we all should admire him for maintaining the highest standards. In fact, he spoke to me on the phone on the morning of the 3rd, and gave expression to similar sentiments, that he

[Pandit G. B. Pant]

would like to resign. I told him he had hardly anything to do, and it would be absurd to deprive the country of his valuable services because some corrupt sneak somewhere had played a trick and done something which had caused anguish to most of us. So, he reconciled himself.

In the circumstances, to say that the Minister in charge has been sleeping over it or has not shown appropriate sensitiveness in the matter is, I think, not altogether correct. Now we all must know that on the 29th of February, the budget had been made known to everybody in the world. The budget speech had been made, and everyone knew what was contained there. What was to be done thereafter? Whether one knew or not, there was nothing secret thereafter. The secret had been revealed before that. No secrecy would have been left if it had leaked after the 29th February. Nobody was to gain, and nobody was to lose thereby. The only thing that was to be done was to hold an enquiry and investigation to find out the culprits, to judge them and to punish them by law courts. It is also possible that some persons may have been negligent and may have otherwise failed in the discharge of their duties. That would be a matter for disciplinary action, and so far as that goes, I think immediately the report of the enquiry is received from the police, the Ministry concerned will deal with the persons who are found to have erred in any way in discharging their duties.

In the circumstances, I submit that so far as this leakage is concerned, nobody has at any moment tried to cover up this matter. No one on the part of Government had at a single moment said that there has been no leakage. We have all frankly and candidly accepted that there has been leakage, and we are sorry for it; and someone or other who was charged with the duty of looking after this in the press had failed in doing his part in the proper manner. So far as the culprits are concerned, some of them have already been arrested; if there are others, who have failed to do what was expected of them, action will be taken against them too.

I was sorry to hear one of the remarks which amounted almost to an insinuation that the superintendent of the press was related to one of the Ministers. What does that mean? I think in this House we have to maintain certain standards of dignity. The Press is in charge of Sardar Swaran Singh, the Minister of Works, Housing and Supply. He has sent me a chit saying that he was not at all related to this man, that he had seen him only once in his life two years ago. So such sort of remarks need not be made. They really do not affect the position in the least. I think we expect the hon. Members of this House, including the Ministers who are also Members of this House and claim privilege and protection as much as hon. Members are entitled to claim, to see that no insinuations against any person's integrity should be made and the Ministers should be treated on the same level and at par with other hon. Members. We are here as Members of this House and are entitled to the consideration and goodwill of all our other colleagues. So such sort of reflections do not seem to me to suit the dignity of this House.

Dr. Lanka Sundaram: As the person who made the point, may I apologise? I did not mean any insinuation against the Minister. These are questions of public importance. Was there any protection given? That was the point I sought to make. And with your permission, I would withdraw the statement.

Pandit G. B. Pant: It was capable of being interpreted by some other people in a different way, and I am glad that the possibility of such interpretation has now been ruled out.

I may also submit that so far as the other part of the speech delivered by Dr. Lanka Sundaram, which we all appreciate, is concerned, it will certainly receive attention. As to what has to be done in order to guard against such possibility for the future, that is an important matter. What has happened has happened though I must say that while we regret that such a thing should have occurred, we should not think thereby—we should not infer therefrom —that considerable damage has been done to the economy of the country.

Hon. Members might be remembering what happened last year. The Budget proposals, as they were placed before the House, were considerably modified by the time the discussions were over. At the start, an excise duty had been proposed on cloth and certain other levies had also been suggested. But after a month and a half, many of those proposals were dropped. So there was a change in the proposals.

Here this was not a secret—that is the only thing. Otherwise, the economy is affected by our democratic methods to some extent.

But I must also state the position as it is. The administrative machine today is a very complex one. Whenever action has to be taken on new budget proposals, the Finance Ministry has not only to publish its proposals for the information of the public, but has also to issue instructions to officers who are posted all over the country to enable them to take immediate action on the lines indicated in the Budget. If that action is not taken there will be greater loss than even an occasional leakage might cause. That has to be done.

Then ours is a vast country and we have to reach every nook and corner, as the Budget these days contains vital matters which affect the everyday life of every person. So we have to examine the proposal as to the secrecy of the Budget bearing all these aspects in mind and then to devise effective means for safeguarding the sacrosanct character of the proposals contained in the Budget.

I am sorry that one of the employees of our Congress Party Office has come in for a certain amount of criticism. He has been suspended by our Party and I hope effective action will be taken against him. If there is any black sheep in our fold, we are sorry for that and it is a matter of greater regret to us, that someone like that should have been employed by us. But I can assure hon. Members that there is no desire on the part of any one to do anything that would in any way be harmful to the interests of the people at large or that would not be in accord with the highest standard of integrity, honesty and public morality. That will be our effort and endeavour and we seek the co-operation and assistance of every hon. Member of this House in maintaining that standard.

Shri Bhagwat Jha Azad (Purnea *cum* Santal Parganas) : Before you call upon the next speaker, may I request that that portion of Dr. Lanka Sundaram's speech in which he stated that the Superintendent of the Press was related to a Central Minister be expunged from the proceedings?

Some Hon. Members: He has withdrawn it.

Shri N. C. Chatterjee: I am sorry I am not satisfied with the speech of the hon. the Home Minister. Let us face the issue. I am sorry we are getting involved in certain side issues, and the real point is being side-tracked and—may be—clouded.

The real issue is : What is the difference between Sir James Grigg and Sir Basil Blackett sitting on the Treasury Bench, and the parliamentary set-up under a democratic form of government today? I am quite sure if there had been a budget leakage when the Britishers were ruling here, when the imperial domination was over India, they would have taken immediate steps to apprehend the delinquent and put him before a Magistrate and see to it that that man was thoroughly punished and that he was expelled from the service. But that won't do. We are now in independent India. The difference between an autocratic set-up and the parliamentary democracy is this, that if there is any charge of budget leakage, some Member from the Treasury Bench must stand up and say, 'I am the man responsible'. Immediately there was a budget leakage, the House should have been taken into confidence. He should come forward and say, "Here among the Council of Ministers, I am answerable." The answerability of the Minister is the cardinal point round which parliamentary democracy revolves. If you do not accept that principle, then the entire fabric of parliamentary democracy is going to be disintegrated and the control of Parliament over finances will be completely rendered nugatory and illusory. Therefore, what we expected was not that there has been a budget leakage and a charge was made immediately. We expected some Minister to get up and admit here that there has been a failure that there has been a dereliction, that there has been a lapse. They are running the adminstration, not we. They have got complete control. The cardinal principle of the democratic form of Government and of parliamentary democracy is this, that whenever such a thing happens, one Minister must come forward before the House of Commons or before the House of the People and boldly say, 'I am responsible, I am answerable'. This answerability is lacking. This thing ought to have come forward spontaneously, not forced by the Opposition. After three weeks of humming and hawing on a question

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of this importance, they say that they shall proceed against the man who has done something wrong. That was not what we wanted. We know perfectly well that that would have been done by any other government. But that does not satisfy us. Again, what does not satisfy us is the attitude of the Government. They do not undertake to abide by the cardinal principle of the accountability of the Minister. The Minister should have come forward and offered an explanation promptly. The answering Minister should stand up and say, 'I am answerable. Here is my answer.' If it is accepted, if there is absolutely nothing against him personally, we are quite happy. He apologises that this thing has happened and he says that these are the steps he is going to take; if he does not satisfy us, he quits office, as happens in every other country.

This is going to be a disease which is endemic. It is going to be an annual feature in this Parliament. It is also going to be a feature in some of the States. In some of the States also, there has been budget leakage. What we want to be pinpointed and established today for the vindication of the cardinal principle of parliamentary democracy is, that the Ministry should realise that it is their lapse, it is their default and that they cannot take shelter under the delinquency and the dishonesty of one particular official. They should immediately come forward and take the House into confidence and tell the representatives of the country elected on adult franchise, this is where we have gone wrong and we have taken such and such an action to rectify it. If the House is satisfied he gets a clean sheet. That is all. This point should be accepted and our grievance is not that the culprit will not be punished, not that the culprit will not be prosecuted. Our charge is that for three weeks you had not the courtesy, you had not the decency to conform to the principle of parliamentary form of Government to take this House into confidence. What is the good of the Finance Minister resigning before the Prime Minister; what is the use of his tendering his resignation? We do not want that. We want the Government or the Finance Minister to tell this House what happened and if the Parliament is not satisfied then he should resign. There is no question of inter-departmental or inter-Cabinet talkie-talkie between themselves.

This is the point that I want to emphasise and to impress upon Government and upon every Member of this House. I want some Minister, even today, to categorically declare: This is my department; this is my responsibility. I am answerable; this is my answer and I hope you will be satisfied. I am going to take this action and if you are not satisfied, then out I go. That is the principle on which this Parliament should function and this is the principle which ought to be accepted by the Treasury Benches opposite.

Shri S. S. More: I think we are discussing this very serious matter under some adverse circumstances. If the motion for consideration or discussion of this matter had emerged from the Treasury Benches by way of taking the House into confidence, we would have been in a position to discuss this matter without any partisan spirit. But, because, unfortunately, one of the Members of the Opposition was constrained to table this motion, it looks as if it is a struggle and usual constitutional wrangling between the party in power and the party in opposition. But, we are not approaching this matter from the partisan point of view. The future of our democracy is concerned not with that side or this side, but with the whole House collectively and therefore, if we have noticed the disease, the remedy should also be sought by the House collectively.

I do accept the statement of the hon. Home Minister that after the 29th the question of secrecy disappeared and there was no point in having quick action. I quite concede that point. But the real point, is the preventive measures that could have been taken at a certain time before the Budget was presented here. That had not been taken. That is our grievance. The Preventive Detention Act is there. Government's excuse and Dr. Katju's excuse was that they want to prevent offences, that they want to nip the offences and criminal tendency at the very root. Why was not this preventive spirit put into operation when the matter came to the notice of the Chief Minister of Bombay?

Shri U. M. Trivedi: They do not believe in it.

Shri S. S. More: I am not holding the Chief Minister of Bombay or anybody responsible because we know the

principle of criminal liability that everybody is supposed to be innocent till he is actually convicted. In this case; there were two principles involved, criminal liability and constitutional responsibility. As far as criminal liability is concerned, the function of the police comes and as far as constitutional responsibility is concerned, it is the Members of this House and this House which is properly interested in discussing this question.

I quite concede that the Finance Minister or any other Minister working under him is not responsible for the leakage. I give them the cleanest bill. On the contrary, I am led to suspect that certain vested interests who are experts in the art of corruption and who have been reaping the benefits of that art have entered into a sort of conspiracy against the Finance Minister to dislodge him from his place so that... (*Interruption*).

Sir, my submission, is whether there is any conspiracy or not, what are the preventive measures for? If the matter came to the notice of the Chief Minister of Bombay at 1 o'clock on the day previous—that is the day on which the Budget was presented, if the other Minister was also informed of that fact at 2-30 it was open to the two Ministers to contact immediately the Prime Minister or the Finance Minister. I am told that there is a separate telephone line which can be utilised by them at one minute's notice and if that had been done, we would not have been constrained to discuss all these unpalatable and unsavoury things. But, unfortunately, proper action was not taken by these two Ministers.

Mr. Speaker: The hon. Member will refrain from saying anything against a Minister who is not our Minister.

Shri S. S. More: My submission is that there are many persons involved in this matter who are criminally guilty and who can be charged of contributory negligence. Who are responsible and to what extent they are responsible, it is not my function to say. I do not possess the detective skill which my hon. friend, Shri Gurupadaswamy possesses. The real question in this case is that we are entering into a sort of *post mortem* examination of the matter.

But I want to make certain concrete suggestions. As the Speaker of this House, you are the custodian of the rights and privileges of the House. And, the Leader of the House has also equal interest in the future of this House. I would make a request to you that you, as the Speaker of this House, in consultation with the Leader of the House, may appoint a committee—I am not saying a committee of enquiry because some people are allergic to the word 'enquiry' (as the late Mr. Speaker Mavalankar appointed a Committee on the Offices of Profit) to undertake an examination of our procedure of preparing the Budget, of our procedure of presenting the Budget, of our procedure of taking too many persons into confidence. I am sure that any of the persons placed in the position of the Finance Minister with so many subordinates and other persons involved will not be in a position to keep the secrecies. That is the effect of human nature. As it is we are too weak. Therefore, I would say that this whole procedure, the constitutional procedure, the Rules of Procedure, everything ought to be subjected to an examination. Otherwise, as my hon. friend Shri Chatterjee has said, this is likely to be a disease. I am not prepared to accept that this is the first time that this leakage has taken place. It was done crudely this time due to some over-confidence. Therefore, the whole thing has come out. Formerly it was done under the speciousness of intelligent guess; that is another word which would cover all leakages.

Pandit Thakur Das Bhargava (Gurgaon) : How can that be prevented?

Shri S. S. More: Therefore, I want to make a suggestion that a small committee of this House along with some experts should be appointed by you. You should take the initiative. I do not want any committee by Government but a committee appointed by the Speaker of Members of this House to examine the constitutional procedure and the Rules of Procedure and other relevant matters, because so many suggestions can be made. I would, therefore, request that you will accept this suggestion, apply your mind to it and to come out with this proposal as early as possible so that we can avoid this trouble next year.

Shri Bhagwat Jha Azad: It has been said in very clear words by the hon. Home Minister and everybody in this House that this leakage of Budget secrets is a very serious matter and every member of Government regrets that it has happened.

[Shri Bhagwat Jha Azad]

I only want to concentrate on one aspect of the objections raised by the Opposition and that is the demand for appointing a committee to go into this matter. Though there are some minor points as stated by Dr. Lanka Sundaram, about the contradiction in the various statements by the Finance Minister and then the Prime Minister—that he said at 4 P.M. and another at 4-30 P.M. and then at 4-55 P.M. he (the Revenue Minister) left Shri Morarji's place and all these,—none the less the fact remains that it was not possible during that short time to rush up to the telephone and inform Delhi that there was Budget leakage because nobody was sure whether the thing that was circulated was really part of the Budget proposals. That is a matter of opinion as to whether it was possible or not, but the demand of the Opposition Members to appoint a Committee, I think is completely wrong and illogical. How is this House entitled to appoint a Committee here? The whole point is that when there is any breach of privilege of the House, the House is entitled to form a Committee, and you are entitled to appoint a Committee to go into the question. But here the point is that Budget proposals should not be announced outside by the Finance Minister before they are announced in this House. It is a privilege of the House that the Finance Minister should come first in this House to announce his proposals. In this case we are clear that there was no complacency, no deliberate or undeliberate connivance on the part of the Finance Minister to allow these Budget proposals to go out before they were announced in this House. Therefore, there was no breach of privilege of this House. And the Finance Minister took all precautions to come to this House first. Let me put the question in another way. Suppose some secret documents of the Government in the custody of the Finance Minister are stolen. Am I to understand that the Finance Minister—in this case I suppose the Budget proposals were in the custody of the press on behalf of Finance Minister—is responsible for allowing this theft? Am I to understand that he allowed this theft to be committed and therefore we should charge him?

We were just told about democratic traditions that should be set up—we were told by Shri N. C. Chatterjee—and I for one support him. If, like the Dalton's case in England, there is any leakage by the Finance Minister, certainly all of us would say that for maintaining the democratic traditions, the Finance Minister should resign. Even in this case, though he is not responsible, he straightaway tendered his resignation. Our expert on Constitutional Law says that the Finance Minister should tender his resignation to this House. So far as I know, a Minister presents or tenders his resignation to the Prime Minister and it is for the Prime Minister to accept or not to accept. But this is a novel procedure suggested by Shri Chatterjee that any Minister who wants to resign should come to this House and say that he tenders his resignation to this House. It was very rightly held that there was no case of breach of privilege of this House in this case. Therefore, there should be no Committee to go into this question. Am I to understand that tomorrow, if there is a fire in the Secretariat and some secret documents are burnt, or if there is a theft and some secret documents are stolen, this House should then appoint a Committee to go into the matter of theft and fire which were responsible for burning Government documents or disappearance of Government documents? These are the questions which should be taken notice of by the Home Ministry and the police, and we think in this case in right earnest these things have been taken notice of. Therefore, the appointment of a Committee arises only when there is a breach of privilege of the House. Since there is no breach of privilege in this case, there is no necessity of appointing a Committee. Therefore, I oppose the appointment of any Committee by this House to go into this question.

Only one small point that I want to make is this. It has been referred that somebody or one of the accused was the relation of the Minister, though it has been stated that is not so. It has been said that somebody's relatives are employed by the A.I.C.C. Office or the Congress Party Office or the Government. Am I to understand that all the relatives of the accused in the Government or in the A.I.C.C. Office or the Congress Party Office should be immediately dismissed? Suppose Shri Gurupadaswamy's brother, God forbid, committed a murder in his constituency, am I to understand that you should suspend him from this House on that account?

It is a novel procedure. The concerned man has been suspended and if he is guilty of the charge, he will certainly be punished. But merely because one of the relations of a certain person happens to be in the Congress Party or in Government service, should he be dismissed? It is a novel procedure.

Therefore, I will say that the appointment of a Committee is not within the competence or purview of this House because there has been no breach of the privilege. With these words, I oppose it.

Shri Jawaharlal Nehru : Mr. Speaker, I propose to take only very few minutes of the time of this House. I have naturally listened with great care to what has been said, more especially, by the hon. Members from the other side of the House. It is admitted that any Budget leakage is a matter of serious concern. I have been trying to find out what exactly is in the minds of the hon. Members who spoke on this matter excepting a natural concern that they feel.

Some suggestions have been made. Some proposals were put forward for Committees. These proposals, too, seem to be not exactly the same. One hon. Member wants a Committee for one purpose and another, for quite a different purpose. The hon. Member, Shri Chatterjee, made such an eloquent speech that I completely failed to understand its meaning.....

Shri V. G. Deshpande: Difficult to understand.

Shri Jawaharlal Nehru: ... except that he said : Somebody should get up and say: I am responsible. I really do not understand. I suppose the hon. Member knows the names of the Members of the Cabinet of the Government of India; he knows who are responsible for the various department; he knows, in the final analysis, the Prime Minister is responsible for everything. I do not understand what the question is—I do not understand Shri Chatterjee or some hon. Member at this stage, getting up in a theatrical way and waving his arms—or what it means in the case of a serious debate.

Here we are dealing with this matter both for the present and for the future —the present, meaning that we want to punish those who are guilty—not only those who are guilty but those who are negligent. If it is a member of the Government, well and good; if it is some employee of the Government, well and good; if it is a member of the public that has committed an offence, let us punish him.

The question of future is there.

In fact this whole question may be divided into three parts, if I may say so : delay in communicating this information by various persons concerned—the Chief Minister of Bombay, Shri M. C. Shah and then thirdly the Finance Minister and fourthly, perhaps the Home Minister and fifthly, the Prime Minister and so on—the delay possibly in communicating by one to another.

Dr. Lanka Sundaram made a great play with the great inconsistency with the various statements made. Of course I said it was at about 4 o'clock that something had happened in Bombay and the Finance Minister corrected me: 'No, it was half past four'. I bow to the great inconsistency there—a matter for this House to take notice of. When I said that Shri Morarji Desai or Shri M. C. Shah was at about 4 o'clock in Bombay, naturally I heard about it; I said 'roundabout 4 o'clock.' 'No, it was at half past four', I should have said. Well, if that is the offence, I plead guilty and I am prepared to suffer any punishment.

We must look at this thing in some perspective. That is the first thing. The second part is what might be called the police part: finding out, in the investigation, as to who were actually guilty. The first part was, I said, the part of the Members of the Cabinet or officials of Government in having delayed in giving the information.

The second part is the finding out by investigation as to who has been guilty of this leakage and taking such steps to punish him or them as are possible. The third part is about the future: as to what arrangements should be made to prevent, in so far as human ingenuity can prevent, any such leakage. They are the three parts.

Now, I have nothing to say about the first part because all the timings etc., have been repeatedly laid before the House and the House can judge. We shall submit to the verdict of the House, whatever it is.

The second part is the police part. We know, as it happens, quite precisely and definitely how this leakage took

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place. There may have been others involved—that is a different matter—but we know that it took place in this Press which, of course, as Dr. Lanka Sundaram rightly pointed out has nothing to do with our President, Rashtrapati, except that in a corner of that huge block this little Press is situated there and it is called the Government Press situated in Rashtrapati Bhawan. That matter is well in hand and has actually yielded results which we know. It may be, of course, that if the enquiry proceeds some other persons may be involved in it and they may come out as having had something to do with it probably more in relation to distributing the information than in getting it. That, no doubt, will be taken up in the court of law.

The third part is about the future. About that undoubtedly you must look into it and I might inform the House that the Finance Minister has already given a great deal of thought to this matter and has various proposals in mind which he is going to give effect to as soon as possible among them being that he will have a secret press of his own and not trust any other press for these and other matters too.

Now, Dr. Lanka Sundaram said something to the effect—some practice, some ancient practice in the pre-independent days of what some Lord somebody did, I do not quite remember those names, he is more acquainted with them; I was not functioning in this sphere then—that the Finance Minister must keep these secrets locked in his breast and must not tell anybody. I do not accept that statement. It is the duty of the Finance Minister to tell the Prime Minister; not only it is desirable but it is necessary that this should be done. We are a Cabinet. We are not different heads functioning here. Of course the Finance Minister is ultimately responsible. But there are other colleagues of his, either in part or otherwise, who are responsible, who have to be consulted as he himself has said—and some part goes out—and the Prime Minister is essentially responsible also. However that is a question of Cabinet responsibility how these matters are to be dealt with. Because now it is not such a simple matter of some excise duties being raised or lowered or some tax going up, the income tax going up or lowered,—important as it is—because we are entering a domain of, well, going out of the old ruts in these matters I am talking about the future and that involves a serious consideration of all kinds of matters, financial policy and the like.

Financial policy is the primary responsibility of the Finance Minister but where wide considerations have to be thought of then do you expect the Finance Minister one fine morning to present to this House or to the country without his colleagues' knowledge something which upsets or is completely different from our financial policy thus far? I do not mind his doing that. But it is obvious that such important matters have to be considered jointly, the principles governing them, not the details. Therefore, that type of secrecy of locking these things in one's breast cannot go very far in the future. That has nothing to do with this matter but as Dr. Lanka Sundaram mentioned it I said something about it.

Now, about this Committee of Enquiry Dr. Lanka Sundaram apparently wanted some rather broad Committee of Enquiry to enquire into this whole business. I do not quite know what the Committee of Enquiry would enquire into so far as the police case is concerned because I do not myself see how this will not overlap. The police are doing it. The matter will go to the court of law.

A committee of enquiry can certainly, if it chooses, enquire into the conduct of the various Ministers concerned. which means whether they took ten minutes or two days or three days to transmit a piece of information.

Every fact is before this House. There is nothing more to enquire into. The House can decide this way or that.

The third thing is about the future. About that every consideration is being given. I am quite sure the Finance Minister, whatever changed procedure he ultimately decides, he will inform the House that he is going to proceed in this way. And if any Member has any suggestions to make I am quite sure the Finance Minister will welcome them. And he will inform you.

Shri S. S. More: Why not a Committee of the House?

Shri Jawaharlal Nehru: I have absolutely no objection for a Committee of the House to enquire into our conduct. I do not want the House to think that we are fighting shy.

Shri S. S. More: Regarding the future procedure.

Shri Jawaharlal Nehru: I am not averse to any Committee of this House for any matter. I am merely pointing out that considering the necessity or the desirability of it, if the House so chooses, there is no objection.

Even so, the point is that certainly it will be desirable for the Finance Minister to consider these matters fully, frame his own proposals, and any of the existing Committees of the House too can be consulted, if necessary, or a new committee can be constituted. We have no objection. I have not discussed this matter with the Finance Minister, but I am quite sure he will not object to having consultations with a Committee of the House in this matter.

The Minister of Finance (Shri C. D. Deshmukh): I think in this matter I am a co-sufferer with the House, because my property was stolen. It was a speech which I was going to deliver....

Shri Algu Rai Shastri: You have our sympathy!

Shri C. D. Deshmukh: ..... in about five or six days, and my fault was that I sent it to the press for printing and it appears it was stolen from there. So I have nothing to gain, as I said, from coming in the way of any enquiry into how this happened and what precautions should be taken in the future.

So far as the (in my opinion) minor point is concerned of when the House should be taken into confidence, I think this is essentially a matter of judgment. If we had sufficient facts to place at the disposal of the House, we should have come before them earlier. The fact that leakage had taken place had become quite patent. But I do not suppose that anything was to be gained by any Member of Government just informing the House solemnly that we had come to the conclusion that a leakage had taken place. The circumstances in which this particular leakage took place left no doubt about this matter. So, when this came to my notice, for the first time on the 1st. I thought that it was my duty to satisfy myself as to the procedure adopted on this occasion in my Ministry and, secondly, to make it easy for the Home Ministry to make an enquiry. It was for this purpose that I called my officers together at about 10 o'clock on the 1st and gave them detailed instructions. A very large number of people are involved, because of the complexity of our taxation proposals; several officers handle several parts of the proposal at several stages; and therefore it took a little time for the highest officers in my Ministry to carry out my instruction.

6 P.M.

As I said, I received the results of their enquiry so far as our own procedure was concerned on the evening of the 2nd. I did not even wait for dictating separate letters to the Home Minister, but sent whatever material we had with the file to him, and this is what I said. I have no doubt the House will see the file at some time.

> "Will the Home Minister kindly see the above. (That is, the report of Shri Negi, Joint Secretary in charge of Budget.) I would request him to have the matter investigated thoroughly through his Special Police Establishment. It is possible that the leakage will be referred to in either House of Parliament.
>
> We had it in mind that at some time or other a statement would have to be made.
>
> For this as well as other reasons immediate action is necessary."

I might mention that the other reasons in my mind were the posibility of copies of this being destroyed. The information that had come to my notice was that cyclostyled copies had been in circulation in Bombay and one disadvantage of making it too prominent that a police investigation was under way was that there was a danger of these documents being destroyed, as it happened. I learn that is precisely what has happened. That has occurred. The only copy that is now with us of the so-called cyclostyled document is the one which the Chief Minister of Bombay handed over to the Minister of State. I learn that all the other copies have been destroyed. So that, although there is certain material leadings us on to the people who are supposed to have bought some of these secrets, I doubt whether the police will be able to get any concrete evidence of their possesion of a similar document. That is as far as this particular point of delay in taking the House into confidence is concerned.

[Shri C. D. Deshmukh]

I would like to add that I do not regard this discussion as the end of the matter. The police investigations have more or less been completed. I believe it will not be very long before the cases are challaned in the court. Then the cases will follow their usual course through the courts and in the fullness of time, we shall be apprised of the results of the prosecutions. The evidence that has been collected by the police will also give us clues as regards the adequacy or otherwise of the security arrangements in the press and it will be the duty of my colleague the Minister in charge of Works, Housing and Supply to go into that matter more thoroughly in order to ensure that secrecy is maintained even though a decision might be taken that, so far as budget documents are concerned, the Finance Ministry might have a press of their own.

Shri A. M. Thomas: Is it a fact that the Superintendent who was in charge of printing is not even a gazetted officer?

Shri C. D. Deshmukh: I could not say whether he is a gazetted officer or not. I do not know whether my colleague is able to say that.

The Minister of Works, Housing and Supply (Sardar Swaran Singh): It is a matter of detail. I do not remember. Probably he is not.

Shri C. D. Deshmukh: We shall go into these things. If he is not an officer of sufficient standing, one of the methods of improvement would be to place somebody higher up in charge.

I should now like to say something about the actual Budget procedure. It has always been the practice to print copies of the Budget speech a few days in advance of the day on which the Budget is presented. Copies of the speeches together with copies of the press summary are despatched to the Accountant General and Comptrollers in sealed covers to be opened by them at 5 P.M. on the Budget day and distributed to the representatives of the press and commercial bodies at those places. Copies are also sent for distribution to the Governors of States, the Chief and Finance Ministers and important officials. In places where there is no Accountant General or Comptroller, these advance copies are sent to the State Finance Secretary for distribution.

Up to 1936-37 the entire budget including the budget proposals used to be thus printed and distributed. In that year the budget speech was divided into two parts, Part A dealing with the factual and historical material and Part B dealing with the budget proposals. Part A of the speech together with the covering summary continued to be printed and distributed in advance as before. Part B of the speech and the Finance Bill—one must remember there are two documents, not only the speech but also the Finance Bill which has to be introduced immediately after the speech is over—used to be roneoed in the Finance Ministry and were distributed only after the presentation of the budget. The entire budget papers were circulated to the Members of the Legislature immediately after the conclusion of the speech. Part A of the speech and the summary were distributed in the press gallery as soon as the Finance Minister rose to deliver the speech. Part B of the speech, the Explanatory Memorandum and the Finance Bill, all roneoed you should remember, were circulated to the press as soon as the speech had been completed.

Shri Syamnandan Sahaya (Muzaffarpur Central) : Roneoed, not printed?

Shri C. D. Deshmukh: It was not so complex those days. I am coming to that point later.

The procedure for the cyclostyling of Part B of the speech and the Finance Bill was altered in the early forties, when with the increase of the wartime taxation, the Finance Bill ceased to be the small and compact measure it used to be before the war. It became impracticable to cyclostyle it and the printing of the Bill was entrusted to the Government of India Press, New Delhi. Simultaneously, that is to say in the early forties, the printing of Part B of the speech and the summary was resumed, but in view of the top secret nature of the contents, it was entrusted to what was then called the Viceroy's Press which is now the press in the Rashtrapati Bhavan compound. This press was not organised for printing the Finance Bill, and only printed Part B of the speech and its summary. This procedure of getting the Finance Bill printed in the Government of India Press as also Part A of the speech and the summary, and getting the Part B speech and the summary printed at the President's Press has continued.

In the case of both the presses, the material for printing is sent at all stages in a double sealed cover to a nominated officer in the press by the Joint Secretary or the Deputy Secretary in charge of the budget. It is made clear at all stages that the material is top secret and the security arrangements in both the presses are left to the officers in charge of these presses and are not under the control of any officer of the Finance Ministry.

Within the Finance Ministry itself, the budget proposals are handled, and personally handled, at the highest level by senior officers. There are consultations among these officers such as the Secretary of the Ministry, the Joint Secretary and Deputy Secretary in charge of the budget and the Chairman and Members of the Central Board of Revenue. These officers also consult on individual proposals and to the extent absolutely necessary certain senior officers of other Ministries such as the Ministries of Commerce and Industry and Food and Agriculture, as for instance last year when we raised the excise duty on sugar. These consultations are as far as possible done verbally and are reduced to writing only at a very late stage. At this stage the personal staff of the officers concerned such as the stenographers have to be taken into confidence. Beyond this the proposals do not reach out to any staff.

In the case of changes affecting excise duties, it is necesary to take a further *tranche* (?) of staff into confidence. This is necessary because changes in these duties as in the case of customs take effect immediately on the introduction of the Finance Bill in Parliament and the tax-collecting authorities should know the changes that are proposed. Two years ago the Collectors of Central Excises and their personal staff were taken into confidence about a week before the budget date.

But this procedure which involved a certain amount of risk was changed last year. Now, the budget packets containing the proposals and instructions are sent to the collectors with instructions that they should open them at 6 P.M. on the budget day, about the time the Finance Minister would be anouncing his proposals in Parliament, and arrange immediate despatch of the instructions to assistant collectors and superintendents.

In order to avoid delay, draft telegrams containing the budget proposals are included in the packets for immediate despatch.

A sufficient number of copies of detailed instructions to the field staff has also to be sent in sealed packets to be opened at 6 P.M. on the budget day, and immediately despatched to the authorities concerned. The preparation of the draft telegrams and instructions in the Central Board of Revenue involves necessarily the taking into confidence of certain senior officers like the deputy secretaries and their personal staff. Consistent with the actual requirements, the number of people who handle the budget proposals and the documents connected with them, such as Part B of the speech and the Finance Bill, is kept at the minimum possible.

In drafting the Finance Bill senior officers in the Law Ministry have also to be consulted. They prepare the Bill and check the proof at various stages, and in handling the Bill at all stages, precautions are taken that they are sent backwards and forwards personally or in double sealed covers.

In the last two years, arrangements have been made for the translation of the budget speech and the summaries, the explanatory memorandum and the budget statement into Hindi. The translation of the top-secret documents like the budget speech and the press summaries is always made by an officer sitting in the room of the joint secretary or the deputy secretary (Budget), and no one is allowed to take the documents outside the room. They are printed in the same way in the press as the corresponding English documents. Identical security arrangements are made for the transmission of the material between the Ministry and the presses. The entire procedure has now been reviewed. The leakage in the current year does not appear to have occurred anywhere in the Finance Ministry but at the press, the security arrangements in which will as I said, be reviewed by the press authorities.

We have considered this question of making arrangements within the Finance Ministry itself for the printing of top-secret documents like part B of the budget speech and the Finance Bill. And we except that by the time the next budget is due to be presented, satisfactory arrangements would have been

[Shri C. D. Deshmukh]

made within the Ministry itself. Therefore, we welcome the suggestion thrown out by some Members. Our minds had been thinking on the same lines. This, we feel, would eliminate the risk involved in dividing the security arrangements between the Finance Ministry and the press.

It seems to us, and this is certainly not a final view, that no other major changes in the remaining procedure appear to be necessary. Of course, the ideal thing would be perhaps not to print anything in advance and keep the entire speech and the Finance Bill secret in the Finance Ministry till the budget day, but in my opinion, it would be a retrograde step to withdraw the existing arrangements for circulating Part A of the budget speech in various important centres simultaneously with the budget speech: If the entire speech is released in the capital only after it has been delivered in Parliament, it would be impossible for it to appear simultaneously all over the country even on the following day. It is also not practicable to keep the entire budget proposals from the subordinate offices of the Finance Ministry like the excise authorities, if the taxes have to come into immediate effect. The present arrangements secure that no one outside the Central Board of Revenue knows these proposals till 6 P.M. on the budget day.

By then the proposals are usually announced in Parliament and the revenue authorities are placed in a position in which the tax changes could be implemented straightway.

We also think it undesirable to let the budget proposals under customs and central excises take effect from a future date. Prices of commodities will tend to adjust themselves with reference to the modified duties and while the State will not be able to collect the revenue between the date of the budget and the date the duties came into effect, the trading community will benefit at the expense of the consumer from the increased prices.

The Demands for Grants and the Explanatory Memorandum on the budget are printed in the Government of India Press, New Delhi. These documents are so voluminous that it is out of the question to get them printed in any small Press under the control of the Finance Ministry. During all stages of printing they are treated as confidential. They do not include any part of the budget proposals except that at the very last stage, the figures in the Explanatory Memorandum and the Budget statement are corrected with reference to the budget proposals but without any mention of the actual proposals. We do not believe that there is any possibility of leakage of the budget proposals through these documents.

Now, as I said, this is our provisional view. As the Prime Minister said, if the House wishes that a Committee go into this matter—I think the matter of precautions for the future is far more important than the question of punishing the offenders and so on which is under way—if the House now or at any later stage, after we have formulated our proposals, wishes that a Committee should go into the matter, we shall abide by it.

श्री अलगू राय शास्त्री : आप काफी विस्तार से बता चुके हैं और जितना जानना था उससे ज्यादा ही मालूम हो गया है।

Shri C. D. Deshmukh : The hon. Member will have a little patience.

I am saying that the Estimates Committee have got the power to suggest forms of the budget. And they might consider budget procedure if they want. We are quite indifferent; it is left entirely to the wishes of the House.

6-18 P.M.

The Lok Sabha then adjourned till Half Past Ten of the Clock on Wednesday, the 21st March 1956.

MOTION FOR ADJOURNMENT . . 3035, 3050

The Speaker withheld his consent to the moving of an adjournment motion given notice of by Shri M. S. Gurupadaswamy regarding the border incident at Hussianiwala headworks in Ferozepur District on the 17th-19th March, 1956, in view of the statement laid on the Table in this connection by the Prime Minister. . .

ELECTION OF DEPUTY SPEAKER . . 3036-41

Sardar Hukam Singh was elected as the Deputy-Speaker of the Lok Sabha.

STATEMENT OF FOREIGN AFFAIRS . . 3041-50

The Prime Minister made a statement in regard to certain matters relating to foreign affairs.

PAPERS LAID ON THE TABLE . . . 3050-51

(i) Notes exchanged between the Government of India and the Government of the United States of America on the Joint Communique issued in Washington on the 2nd December, 1955, by the Secretary of State of the United States of America and the Foreign Minister of Portugal.

(ii) Statement *re*: the border incident at Hussainiwala headworks in Ferozepur District.

BILL REFERRED TO SELECT COMMITTEE . . . 3050-51, 3124

The motion to refer the Life Insurance Corporation Bill to a Select Committee was further considered and the motion was adopted with instructions to Select Committee to Report by the 16th April, 1946.

LEAKAGE OF BUDGET PROPOSALS . . 3125-74

Dr. Lanka Sundaram raised a discussion on the statement made by the Prime Minister on the 12th March, 1956, on the leakage of the General Budget and matters connected with the secrecy of the Budget and Budgetary reform.

AGENDA FOR WEDNESDAY, 21ST MARCH 1956—

Discussion on Demands for Grants in respect of Ministry of Defence.

GIPN—S. Lino—27 Lok Sabha—27-11-56—840.